As of 11 a.m. ET **DJIA** 10399.03 ▼ 0.03% **FTSE 100** 5352.07 ▼ 0.11% **Nikkei 225** 10400.47 ▲ 2.74% **Shanghai Comp.** 3003.40 ▼ 0.49% **Hang Seng** 20377.27 ▲ 2.43% **Sensex** 16237.05 ▲ 0.28% **S&P/ASX 200** 4717.53 ▲ 1.78%

Many bankers turn to M&A as IPOs prove disappointing
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Equity firms target CICC

KKR and TPG Capital draw near deal to buy Morgan Stanley stake for more than $1 billion

By Rick Carew

HONG KONG—Private-equity firms **Kohlberg Kravis Roberts** & Co. and **TPG Capital** are close to signing a deal to pay a total of more than $1 billion for **Morgan Stanley**'s stake in one of China's top investment banks, **China International Capital** Corp., according to people familiar with the situation.

The purchase would pair two giants of the private-equity world with a major player in China's fast-growing capital markets. It would free Morgan Stanley to pursue its long-held ambition of entering a new Chinese securities venture over which it could exercise greater influence.

Under the current plan-deal structure, KKR and TPG will evenly split the 34.3% stake owned by Morgan Stanley, the people said. The deal hasn't been formally signed and requires approval from the Chinese government, meaning terms could change.

In a sign of how important the two equity firms consider the investment, KKR's Henry Kravis and TPG's David Bonderman, both founding partners of their companies, are likely to join an expanded board of CICC, according to the people familiar with the situation. CICC's board currently has five seats, including one held by Morgan Stanley.

CICC's chief executive is Levin Zhu, the son of former Chinese premier Zhu Rongji, a key reformer who led China's accession to the World Trade Organization.

The deal will come as a relief to Morgan Stanley, a pioneering investor in China's financial-services industry through its stake in CICC, which was founded in 1995. Culture clashes and disagreements with CICC management on whether Morgan Stanley had exclusive rights to partner with CICC on its international deals forced the Wall Street firm to become a passive shareholder. Morgan Stanley has been eager to pursue a new venture, but China's securities regulator ruled that it first needed to give up its CICC stake.

The two private-equity firms may be less concerned about having the sort of say in CICC's strategy that Morgan Stanley sought, instead betting on the value of CICC's direct exposure to the sheer force of China's economic growth.

"The Chinese government's desire to promote its own domestic financial-services industry plus China's economic-growth prospects make an investment in a top domestic investment-banking franchise like CICC very attractive," said Maurice Hoo, a partner at law firm Paul Hastings's private-equity practice in Hong Kong.

CICC has been consistently profitable. Its management steered clear of making big bets with its own capital in the boom years, preferring to stick to fee-based business such as share underwriting and merger advisory work. CICC generated $96 million in after-tax profit in the first eight months of last year

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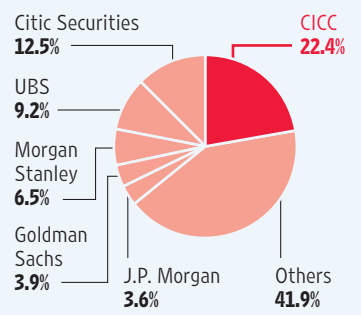
China IPOs beckon

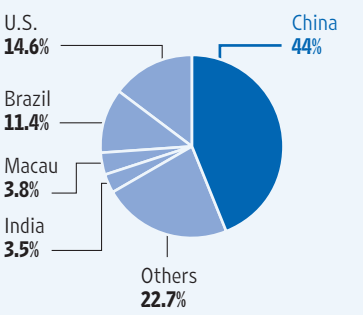
China International Capital Corp.'s attractiveness is based on China's growing importance in global capital markets.

Largest China IPO bookrunners, by deal volumes, 2009



Note: Includes A shares

Largest global IPO issuers, by nation, 2009



Source: Dealogic; Agence France-Presse (CICC branch)

Indian oil pursues global assets

By Amol Sharma

NEW DELHI—India wants to join the club of global energy giants.

Some of the country's largest private and state-run firms are in hot pursuit of oil and gas assets overseas as they seek to take advantage of depressed asset prices during the downturn and break free of burdensome regulations at home.

In the latest move, oil-to-textiles conglomerate **Reliance Industries** Ltd., run by billionaire Mukesh Ambani, raised its bid over the weekend for LyondellBasell Industries, a bankrupt petrochemical maker and oil refiner. The new bid values the Netherlands-based firm at $14.5 billion, according to a person familiar with the matter.

A Lyondell spokesman declined to comment. A Reliance spokesman declined to comment.

Reliance also is scouting other foreign targets, including Canada's **Value Creation** Inc., which has large oil-sands deposits in Alberta, people familiar with the company's thinking said. Smaller rival **Essar Group** is stepping up its own bargain hunting abroad, with an eye on assets that **Royal Dutch Shell** PLC and other oil majors are unloading.

In recent months, Reliance and Essar, both based in Mumbai, have each hired top executives from global oil majors to aid their international expansion efforts. Meanwhile, India's flagship state-run oil company, **Oil & Natural Gas** Corp., said recently it may spend as much as $30 billion over the next decade on an international acquisition binge.

Indian companies are scouring the globe to secure crude resources and reduce

Please turn to page 16

Skater copes with high hope

By Evan Ramstad

SEOUL—For nine years, Kim Yu-na practiced figure skating in anonymity in South Korea, a country with no history in the sport.

A breakout performance in 2007 then thrust Ms. Kim, who was 16 years old, onto the international stage of elite figure skaters. It also put her into the hothouse of South Korean national heroes, a crucible where celebrity trappings mix with both ardent patriotism and insecurity about the country's identity and international reputation.

Now 19, she's the reigning world champion in women's figure skating and a favorite in the women's competition that begins Tuesday at the Winter Olympics in Vancouver. She's also the highest-paid sports star South Korea has ever seen and under tremendous pressure to deliver a gold medal for a country where individual success is often reshaped as national achievement.

Over the past two years, more than 300 South Korean companies tried to become Ms. Kim's sponsor and enlist her as an endorser, say marketers at IB Sports Management in Seoul, which fashioned deals worth nearly $10 million for her.

The result: Ms. Kim's face is everywhere in South Korea, used to sell products as varied as bread, water, jewelry, cars and air conditioners. Last month, she donated 100 million South Korean won, or about $87,000, to Haiti earthquake relief, more than many Korean companies.

Ms. Kim's popularity with South Koreans is elevated by her beauty, humility in public and an impression that figure skating is a sport that has long been dominated by athletes from bigger, wealthier countries in whose company they now belong. As well, the toughest competitors Ms. Kim faces are from Japan, the neighboring country that South Koreans relish defeating in any athletic contest.

So for more than a year,

Please turn to page 16

Agence France-Presse/Getty Images

Kim Yu-Na trains in Vancouver.

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PAGE TWO

What's News—

* * *

Business & Finance

■ **Dai-ichi Mutual Life Insurance** will seek $11.8 billion in what would be the world's largest IPO in nearly two years, a move that will test renewed investor confidence in Japan's equity markets. The IPO could help the nation's second-largest life insurer gain flexibility at a time when an aging population is thinning the domestic customer base. **17, 31**

■ **Toyota received subpoenas** from a U.S. grand jury and the SEC, both requesting documents related to unintended acceleration of its vehicles and the braking system of its Prius hybrid. **21**

■ **Taiwan and Thailand reported** their fastest economic growth in years as trade, private consumption and tourism fuel hopes of Asian expansion without government stimulus. **3**

■ **Strong results** in a government land auction suggested speculators are re-entering Hong Kong's property market, which is likely to prompt action by authorities. **4**

■ **Billionaire Kerry Stokes plans** to consolidate Seven Network with heavy-equipment maker WesTrac, tightening control over his media operations. **18, 31**

■ **U.S. stocks wavered** between gains and losses, while investors in Asia snapped up resource shares and exporters. **25**

■ **Greece faces a crucial week**, with EU and IMF officials arriving in Athens to discuss further austerity measures to fix the country's bloated budget deficit. **6**

■ **China Unicom said** its U.K. unit is in contact with a consortium bidding for a stake in Nigerian Telecom, after nearly a week of confusion. **19**

■ **Asia's contract chip makers** will likely see earnings improve sharply as more semiconductor firms increase outsourcing orders to save on production costs. **8**

Associated Press

Foreign laborers work near Singapore's financial district on Monday. The government, as part of its new budget proposal, announced increases in levies that companies pay to employ some foreign workers as it tries to defuse one of its most contentious emerging political issues. **Page 5.**

■ **The history of a company** called Titlos offers a window into a complex deal that helped the Greek government hide debt. **29**

■ **A Chinese central bank official** took issue with Fitch's recent credit-rating downgrades of China Merchants Bank and China Citic Bank, saying the operations of all Chinese banks are sound. **23**

■ **STX Group backed away** from buying a stake in Daewoo Engineering. The Korea Development Bank is approaching other possible investors to join its bid. **19**

■ **Schlumberger plans to acquire** Smith International for about $11 billion in a deal that would make Schlumberger the world's biggest oilfield-services company. **20**

■ **The euro fell** against the dollar and the yen amid renewed worries over how the EU will address Greece's debt problems. **24**

■ **The chief executive of RBS** will forgo a bonus for 2009 in an attempt to calm public outrage over pay to other staff at the bank. **23**

■ **EMI said it is exploring** the possibility of partnering with a third party to retain and revitalize Abbey Road Studios. **18**

* * *

World-Wide

■ **A coalition air strike killed** at least 27 civilians in southern Afghanistan, complicating an effort to persuade Afghan citizens that NATO is on their side as allied forces battle the Taliban. **14**

■ **The civilian chief of NATO said** he doesn't think a Dutch decision to withdraw its troops from Afghanistan this year will lead other European allies to follow suit. **14**

■ **The White House**, trying to revive U.S. health-care legislation, proposed that a tax on high-end health plans be delayed for all workers and suggested new taxes to make up for lost revenue. **6**

■ **Indian officials detailed** procedures they plan to follow during October's Commonwealth Games, including snipers on rooftops and a taster for VIP food in hotels. **6**

■ **The head of a British** antibullying charity appeared to backtrack from suggestions that staff members of Prime Minister Brown had complained about being bullied.

■ **A suicide bomber targeting** Pakistani security forces set off a blast in the Swat Valley, killing at least eight people, officials said.

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WORLD NEWS

Thailand, Taiwan GDP soar

Surging trade, consumption, tourism credited with propelling expansion in both countries

By Alex Frangos And Crystal Hsu

HONG KONG—Taiwan and Thailand reported their fastest growth in several years as surging trade, private consumption and tourism fuel hopes that Asia can maintain growth without the help of government stimulus.

Gross domestic product in Taiwan soared 9.22% in the fourth quarter on a year-on-year basis, its highest pace in 5½ years and more than three percentage points faster than expected by many economists. Strong exports and private consumption drove the rebound. On a seasonally adjusted, annualized basis, the economy grew 18%, according to Goldman Sachs.

Thailand's GDP grew at its quickest pace in 10 years, expanding 3.6% in the fourth quarter from the July-September period. Compared with a year earlier, GDP rose 5.8%. Exports, tourism and agriculture all rebounded, leading the government to upgrade its 2010 forecasts. On a seasonally adjusted, annualized basis, the Thai economy grew 15.3%, according to Barclays Capital.

Coming after Singapore and Japan reported stronger-than-expected growth last week, the latest data underscore that while China's economy dominates headlines, "there's a very nice story building in the rest of Asia," says Bill Belchere, chief economist at Mirae Asset Securities in Hong Kong. The increase in tourism is a positive sign for disposable income. "It's a signal that confidence is coming back. People are making some money."

If sustained, increased employment and private-sector business investment could propel Asian growth. Companies are making money again, boosting investment, and consumers are more confident, as job security returns. In a sign of increased consumer demand, auto sales in Malaysia increased 33% in January from a year earlier, according to the Malaysian Automotive Association.

The strength of the export recovery has surprised many, implying perhaps that demand in the West for apparel, consumer electronics and other items is stronger than expected.

Taiwan has benefited from a thawing of relations with mainland China and an increase in trade and travel. Tourists from China have flooded into Taiwan, boosting private consumption. The number of Chinese tourists visiting Taiwan in the fourth quarter rose to 284,272, up 170% compared with last year. Overall tourism arrivals were up 22.24% to 1.2 million, said Tsai Hung-Kun, director of the agency's Bureau of Statistics.

Taiwanese computer maker **Acer** Inc., the world's second-largest by market share after Hewlett-Packard Co., said recently that profit rose 18% last quarter compared with the year-earlier period. Company Chairman J.T. Wang said Monday that January's sales declined less than usual compared with December. January is usually a slow sales month following the holiday buying season. Mr. Wang says he expects sales to increase as much as 40% this year.

Tourism also recovered in Thailand, a travel hub that notched 1.63 million visitors during the fourth quarter, up 40.8% from a year earlier.

Much of the region's recovery has been linked to the rebound in technology spending and inventory buildup in the West.

In Thailand, where electronics are an important industry, exports increased and factories picked up hiring in the fourth quarter. The number of unemployed fell during the period to 384,110, from around 450,000 in the third quarter.

On a year-to-year basis, Thailand's net exports added 7.1 percentage points to growth, coming off the massive downturn in trade at the end of 2008. Private and government consumption also added to growth, while inventories continued to be a drag, though far less than during previous quarters.

Intra-Asian trade has boosted corporate profits. **Charoen Pokphand Foods** PCL, Thailand's largest food producer reported Friday a threefold increase in net profit in 2009 to $306 million from 2008.

The company's chief executive Adirek Sripratak says the company will spend $180 million this year to expand to markets in Philippines, Russia and India. "2010 continues to be another good year for us," he said.

The return to growth also is raising concerns over inflation, and increasing the likelihood that central banks in the region will continue to move away from the extraordinarily loose monetary policy in place since the financial crisis.

"We've been saying maybe June is the possible first rate hike for the Bank of Thailand, and I think this would open the door for that," said David Cohen, director of Asian economic forecasting at Action Economics in Singapore.

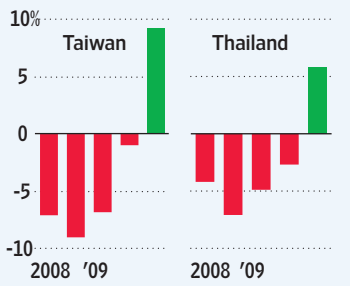
At the vanguard of interest-rate increases has been Australia, a developed economy that is now more hitched to economic growth in Asia—and China—than the West. Australia has raised rates three times since October and its expected to continue tightening monetary policy this year.

Australian central-bank assistant governor Philip Lowe said last week that the world is emerging as a "two-speed global recovery," in which Asia's economies "growing solidly and operating with much less spare capacity."

—Piyarat Setthasiriphaiboon and Perris Lee Choon Siong contributed to this article.

Bounced back

Quarterly GDP of selected Asian countries, change from previous year



Sources: Directorate-General of Budget, Accounting and Statistics, Taiwan and Office of the National Economic and Social Development Board, Thailand

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WORLD NEWS: ASIA

Hong Kong property market reheats

Sun Hung Kai land purchase raises fresh worry of a bubble; around Asia, attempts to cool real-estate prices

By Jonathan Cheng And Aries Poon

HONG KONG—Strong results in a Hong Kong government land auction are the latest sign that the city's real-estate market is surging after a brief lull, as government officials here and elsewhere in the region grapple with how to cool off overheating property prices.

On Monday, blue-chip developer **Sun Hung Kai Properties** Ltd. agreed to pay 3.37 billion Hong Kong dollars (US$434 million) for a 130,000-square-foot site in the suburbs of Hong Kong. That price, reached after an intense bidding session, was above the average US$362 million forecast of six surveyors and analysts polled earlier by Dow Jones Newswires, and was 69% above the reserve price of US$258 million.

The big purchase came just after Sun Hung Kai, Hong Kong's biggest developer with a market capitalization of about US$34 billion, sold 900 apartment units in a major new residential complex over the weekend for a total of US$541 million. The units, ranging from about 400 to 1,400 square feet, sold for about US$700 per square foot, a steep premium to other apartments in the area. That indicates the mass-residential market could be vulnerable to the speculation that led to a jump of about 50% in Hong Kong's luxury-apartment prices last year.

Around the region, easy credit and ample liquidity is fueling fears that real-estate prices may be rising to irrational levels.

Sun Hung Kai Properties

Sun Hung Kai Properties agreed to pay US$434 million for a site in Hong Kong's suburbs. Here, a rendering of Sun Hung's Yoho Midtown development.

In China, where by some official measures home prices have risen as much as 25% in the past year and land values have doubled, officials are keen to tamp down the market. Beginning Thursday, the People's Bank of China will require banks to hold more cash in a bid to clamp down on excessive lending.

Last week, Singapore's government made an attempt to "temper sentiments and pre-empt a property bubble" by imposing a tax on those who flip properties within a year of purchasing them while capping residential mortgages to 80% of a home's value, from 90%.

In spite of cooling measures instituted last autumn, Singapore's government said "there are recent signs that [the property market] is starting to heat up again," noting that the number of primary-home sales in the city-state last month was triple that of the month before, accompanied with a sharp price increase that outpaced previous rebounds.

"There is a risk that the market could overheat in the next few months, fueled by low global interest rates and positive sentiments associated with the economic recovery," the government said, pledging to take further action if required later. Singapore also said it would boost housing supply.

Unlike China and Singapore, however, Hong Kong has little control over interest rates because its currency board system, which pegs the local currency to the U.S. dollar, forces it to import U.S. monetary policy.

Instead, Nicole Wong, a property analyst with CLSA Asia-Pacific Markets, says there is little Hong Kong's government can do about what she describes as a full-blown housing bubble in the city's mass-residential markets.

"Hong Kong property buyers have been in a prolonged low-interest-rate environment, and now they're behaving like drunken drivers on the road—they don't think about consequences," Ms. Wong says, estimating that prices have increased 5% this year. While speculative activity has been subdued, she argues the public is "overstretching" itself, convinced that "prices will go up forever."

The Hong Kong government has tried its best to tamp down overexuberance in recent months. Chief Executive Donald Tsang has said the government would monitor property prices and fine-tune its land-sales policies if necessary. The Hong Kong Monetary Authority also told banks late last year to raise the standard down-payment ratio on luxury properties to 40% from 30%.

Keith Yeung, a property analyst at Mirae Asset Research, expects Hong Kong's financial secretary to announce a policy response Wednesday, when he delivers Hong Kong's annual budget. "The government is now under tremendous pressure to intervene in the Hong Kong residential market," Mr. Yeung says.

Not everyone is worried about home prices. Kelvin Lau, a Hong Kong-based economist with Standard Chartered Bank, says he doesn't see a bubble, pointing to low levels of speculation and an official mortgage-debt-servicing ratio of 36.4% as of last autumn, lower than Hong Kong's 20-year average of 52.6%.

Alva To, head of consultancy for brokers DTZ in Hong Kong, says the participation of a broad range of developers in Monday's auction, and the "very expensive" auction sale price, were signs that prices could continue to spiral upward. Mr. To isn't worried yet, however: "The public can still afford this, because interest rates have been as low as 0.7%."

—Yvonne Lee contributed to this article.

中国实时报
CHINAREALTIMEREPORT

The Wall Street Journal's China Real Time Report ***(http://blogs.wsj.com/chinarealtime)*** *this week has looked at a big range of subjects. Excerpts:*

Muted fireworks

Diplomatic observers were braced for a withering blast of criticism from the Chinese government after U.S. President Barack Obama's meeting with the Dalai Lama. But China's response turned out to be less strident than some expected.

The U.S. ambassador, Jon Huntsman, was called to the Foreign Ministry Friday, and China's vice foreign minister made what the official Xinhua news agency called "solemn representations" regarding the Tibetan spiritual leader's visit to the White House. Earlier, the Foreign Ministry spokesman said the meeting "grossly violated the norms governing international relations."

There was also the usual talk of "hurt feelings," though with a notable translation adjustment. While in the past a foreign leader's meeting with the Dalai Lama has been said to "hurt the feelings of the Chinese people," this time Xinhua's English service reported that the meeting had "gravely hurt the Chinese people's national sentiments." The Chinese is the same, but the new English wording offers a more sophisticated (and accurate) rendering of the original, and perhaps will mark an end to the mockery that the previous translation sometimes provoked.

—Gordon Fairclough, with Sky Canaves and Sue Feng

Jackie's fast moves

Jackie Chan is off to a lightning-fast start in 2010. The kung fu star already has a second movie hitting cinemas: "Little Big Soldier," his first film for the packed Chinese New Year season in nine years.

In what in all likelihood is the first comedy-action buddy road movie set in the Warring States era—the roughly 250-year period before China was unified in 221 B.C.—Mr. Chan plays a soldier who captures a general (Wang Leehom of "Lust Caution") from a rival state and intends to exchange his prisoner for a peaceful life as a farmer. The two develop a cautious friendship as they battle against common enemies.

Mr. Chan has been heavily promoting the Chinese-language movie—showing up at the premiere in Hong Kong on Friday night just after presenting the movie at the Berlin International Film Festival. For Mr. Chan, it's a fine display of his signature comedic-athletic style after his turn to drama in last year's "Shinjuku Incident."

Dean Napolitano/Wall Street Journal

Jackie Chan, center, with guests at Hong Kong's premiere of "Little Big Soldier."

The 55-year-old actor had been kicking around the idea of "Little Big Soldier" for 20 years: He's credited with the original story as well as producer, executive producer, action director and, of course, star.

"Little Big Soldier" follows the opening last month of the English-language action comedy "The Spy Next Door" in North America and some markets in Asia. That movie wasn't as well-received, but fans can look forward to his next film this summer—a remake of the modern-American classic, "The Karate Kid."

—Dean Napolitano

Mystery labor shortage

For a country that still has significant surplus labor, the reportedly severe shortage of migrant workers in economic engines such as the Pearl River Delta after the Chinese New Year holiday is rather baffling.

Domestic media reports put the labor supply gap at around a million people in Guangzhou and neighboring cities such as Dongguan. Numerous assembly lines and construction sites are sitting idle while anxious employers have raised salaries by more than 30% but still can't attract enough applicants.

So where have all the theoretically jobless peasants gone?

Structural unemployment—a mismatch between the skills workers have and those sought by employers—doesn't fully explain the phenomenon. One needs to consider factors that symbolize the changing landscape of China's labor force and modern society.

There is a structural problem and it's twofold: Many of the outstanding job vacancies are due to a lack of skilled workers as segments of China's export industry crawl up the value chain; but on the other hand, some factories complain that lots of the new-generation migrant workers aren't interested in tough, low-paying basic jobs any more.

Lack of interest in such work partly stems from the second factor—the growing income at home for farmers. An incessant stream of favorable policies, such as scrapping taxes and market intervention, have increased rural incomes to the extent farming is becoming more rewarding than cleaning skyscraper windows in some places.

—Shen Hong

Thailand braces for Thaksin ruling

Police gather in Bangkok ahead of Friday court decision on whether to seize billions from ex-leader's accounts

By James Hookway

European Pressphoto Agency

Thai security checks a car at the Supreme Court in Bangkok on Monday, ahead of a ruling on the family assets of ousted prime minister, Thaksin Shinawatra.

Thailand's leaders are bracing themselves for possible unrest Friday, when a court is due to rule on whether to seize billions of dollars frozen in the bank accounts of ousted former Prime Minister Thaksin Shinawatra and his family.

The government has begun massing 20,000 police in the capital in the lead-up to the decision, which local media dub "Judgment Day."

Political analysts say the verdict—which many expect to trigger the seizure of at least part of the $2.26 billion frozen in Mr. Thaksin's family accounts—presents a dilemma for the country's military-backed government.

Thailand's powerful armed forces want to neutralize Mr. Thaksin's influence in Thailand, which remains strong in the vote-rich rural north and northeast since he was overthrown in a military coup four years ago. Seizing the family fortune would complicate Mr. Thaksin's efforts to finance any potential political comeback, the analysts say.

At the same time, Thailand's current leader, Abhisit Vejjajiva, is wary of the court decision inflaming Mr. Thaksin's supporters, who identify themselves by wearing red shirts. Tens of thousands of red-shirts staged raucous protests in Bangkok in April 2009, besieging government offices, and hijacking and burning buses, before Mr. Abhisit called in the army to help restore order.

Over the past week, smaller protests have broken out, including one Friday in which about 2,000 Thaksin supporters rallied outside the headquarters of **Bangkok Bank** PCL where Gen. Prem Tinsulanonda—a royal adviser whom Mr. Thaksin's loyalists accuse of helping to organize the coup that ousted Mr. Thaksin—serves as an adviser. Many red-shirt activists say they are fighting to rid Thailand of the behind-the-scenes power of its military and royalist elites, who they blame for removing the populist Mr. Thaksin from power and preventing his allies from staying in office.

The challenge for the government, says Thitinan Pongsudhirak, director of the Institute of Security and International Studies at Bangkok's Chulalongkorn University, is how to eliminate Mr. Thaksin while "listening to these reds and weaning them off" his influence.

"If they cannot see the reds beyond Mr. Thaksin and his assets, Thailand will see much more pain and grief in store," Mr. Thitinan says.

Mr. Thaksin and his family stand to lose their fortune if the Supreme Court determines their wealth was amassed through corruption. Mr. Thaksin gathered much of his fortune as a telecommunications mogul before he became prime minister in 2001; the court will rule whether he broke the law by placing his fortune with family members while he was serving as prime minister. It will also rule on whether his government allegedly implemented policies to benefit his business interests.

Mr. Thaksin denies any wrongdoing, and has said he is being demonized politically.

The Oxford-educated Mr. Abhisit has said he hopes Friday's court ruling will help calm the situation and enable Thailand, Southeast Asia's second-largest economy and a major exporter of automobiles, farm products and electronic goods, to get back to normal after four years of street protests and often violent run-ins between Mr. Thaksin's supporters and opponents. One of those protests involved thousands of people taking over and shutting down Bangkok's international airports for a week in November 2008, in a successful effort to bring down a government comprised of Mr. Thaksin's allies.

Pro-Thaksin leaders, calling themselves the United Front for Democracy against Dictatorship, say they are planning a "million-man march" in Bangkok in the weeks after the court ruling. Analysts say that other small-scale rallies are likely in the coming days, and that the deep divisions in Thai society appear set to continue in the long term.

In recent months, the red-shirt movement has built up a strong grass-roots movement in the north and northeast of Thailand. In some cases, local activists have set up special schools to educate people about the political tussle for power under way in the country.

Singapore moves to curtail immigration

By Patrick Barta
And P.R. Venkat

Singapore announced new steps to curb immigration as it tries to defuse one of its most contentious emerging political issues.

The rich Southeast Asian city-state has for years admitted large numbers of foreign workers to boost its population and to stay competitive with China and other countries with deeper pools of cheap labor. But Singaporean citizens are increasingly dissatisfied with the policy, which they say causes overcrowding and depresses local wages. Economists believe an over-reliance on foreign workers also is keeping productivity levels down, jeopardizing Singapore's future growth.

Responding to those concerns, the government said in its annual budget Monday that it will raise levies on foreign workers in phases, starting in July. By 2012, employers will be expected to pay an increase of about S$100 (US$71) in per-worker levies in the manufacturing and services sectors, while charges for construction workers could be higher. The government also will introduce some additional changes resulting in higher levies.

Although relatively small in absolute terms, analysts say such costs are high enough to discourage some employers from hiring low-skilled workers from overseas, especially companies with big work forces in manufacturing and other industries, where profit margins are razor thin.

It's unclear, though, whether the steps will placate citizens who feel the government hasn't done enough to keep Singapore's foreign-born population from growing too rapidly. Between 2005 and 2009, Singapore's population surged by roughly 150,000 people a year to five million—among their fastest rates ever—with 75% or more of the increase due to foreigners.

Opposition leaders, including those in a new Reform Party created in 2008, have increasingly used the immigration issue to criticize the government, and may be getting some traction, analysts say. Historically, Singapore's opposition parties have had limited growth, in large part because of the government's ability to deliver solid economic growth and rising standards of living.

Given popular dissatisfaction over the issue, the government needs "to look like they're doing something" on immigration, says Tim Condon, an economist at ING in Singapore.

The government has signaled for some time that it is willing to limit immigration, but it is unclear how far it would be willing to go. Singapore already has an exceptionally low unemployment rate of 2.1%, so any move to restrict labor flows is likely to be unpopular among companies that need more workers. Singaporean officials have argued that the higher costs will ultimately force companies to become more efficient instead of counting on cheap employees.

Monday's announcement came on the heels of a government move Friday to curb rising property prices, another source of unease among Singaporean citizens. Aside from tightening rules for home-loan borrowers, the government introduced a seller's stamp duty on all residential properties and residential land bought and sold within a year.

Opposition leaders have increasingly used the immigration issue to criticize the government.

The Singaporean budget otherwise was notable for avoiding big hand-outs and stimulus such as loan guarantees or credit support to companies, focusing instead on long-term targets, including improving productivity by 2% to 3% a year over the next decade, compared with the 1% rate of the past decade.

In January 2009, Singapore announced a S$20.5 billion stimulus package to keep the export-dependent economy from falling deep into recession. The economy contracted 2% last year, much less than the 9% contraction the government initially estimated when it presented the stimulus.

"Budget 2010, therefore, looks beyond the immediate rebound in the economy," Finance Minister Tharman Shanmugaratnam said. "It focuses on building up the capabilities we need for a phase shift in our economy over the next decade, with growth being based on the quality of our efforts rather than the ever-expanding use of manpower and other resources."

He said the government will give tax benefits to companies that invest in skills and innovation.

—Sam Holmes contributed to this article.

WORLD NEWS

Greece will consult with EU, IMF

Government will lay out new planned austerity measures as it tries to fix the country's bloated budget deficit

By Costas Paris
And Alkman Granitsas

ATHENS—Greece faces a crucial week, with a delegation of European Union and International Monetary Fund officials arriving in Athens to discuss further austerity measures to fix the country's bloated budget deficit.

Their arrival coincides with government plans to test the waters with its second bond issue of the year and with preparations by trade unions to stage a general strike Wednesday.

The government will meet with representatives from the European Commission, the European Central Bank and IMF technical experts to discuss a new set of measures valued at about €2.5 billion ($3.4 billion) over and above what it has already announced to cut the deficit.

Greece is under intense pressure by the EU and financial markets to narrow its budget gap, which hit an estimated 12.7% of gross domestic product last year, four times above EU limits. The Socialist government has pledged to narrow that deficit to 8.7% of GDP this year, and below the EU's 3% limit by 2012.

"Despite worries of social unrest, the government will discuss the new measures with the visiting delegation and is prepared to do what's needed to calm down the markets and address European Union concerns," a person familiar with the Greek government's thinking said. "The new package will be announced before the March 16th meeting of the (European) finance ministers. Greece will do its part," the person said. "Now it's time for the European partners to show their solidarity."

Earlier this month, EU leaders pledged solidarity with Greece as it struggles to cover €54 billion in borrowing needs this year. So far, that solidarity has only been manifested in a political statement, while reports say the EU is preparing a package of loans and loan guarantees—but under the condition that Greece takes further measures to control its deficit.

Agence France-Presse/Getty Images
Posters calling for a nationwide strike on Wednesday hang on a pole in front of the Greek Parliament in Athens Monday.

That package would most likely be linked to plans by Greece to raise €3 billion to €5 billion through a 10-year bond issue, its second this year, which could hit the markets as early as this week. The person said one possible idea being considered is that other EU members would cover any shortfall in the event that market interest in the issue was limited.

Greece hasn't asked for any money, but the person said that if the need arises Athens would prefer a long-term loan of as much as €25 billion rather than bond guarantees from EU partners.

"The government is pretty certain that the bond issue will be covered, but in the worst-case scenario, it expects the remainder to be picked up by European partners, like France and Germany," said a second person close to the government.

The new measures under discussion include an increase in Greece's value-added tax rate of 19%, more cuts in civil-service entitlements, higher duties on luxury items such as boats and expensive cars, and possibly a further rise in fuel taxes.

The first person said the EU has also asked Greece to cut one of two extra months of pay that public-sector workers now get over and above their normal 12-month salary, but that the government would do so only "as a last resort."

The government has already announced a series of measures that include freezing civil-service wages, cutting public-sector entitlements by an average of 10% and closing dozens of tax loopholes for certain professions, including some civil servants.

However, those measures have already stoked resistance by Greece's unions, with the public-sector umbrella union Adedy to stage a 24-hour strike Wednesday, joining a separate strike that has been called by its much bigger private-sector counterpart, GSEE.

The strike is seen as the first major test of the government's commitment to push through its harsh austerity program. So far, the government has resisted demands by farm groups seeking further handouts, while separate strikes by tax collectors and customs officials have been called off or else ruled illegal.

Recent opinion polls show that the public remains behind the government. According to one, published Sunday in the left-leaning Ethnos newspaper, 75.8% of Greeks think the unions should suspend strike action for as long as Greece remains in crisis, while 57.6% think the austerity measures proposed so far are in the right direction.

"The government is determined not to bow to any workers' demands regardless of how just they are," the second person said. "These are extraordinary times and every single Greek must understand that sacrifices are needed."

The Greek government is also under pressure from the European Commission to provide information about a series of currency deals it might have used to mask its debt.

Greece has offered only a "partial" response to the Feb. 19 deadline to disclose details of the transactions, the commission said Monday.

The commission's request for information followed reports that **Goldman Sachs Group** Inc. had helped Greece conceal its debt levels through a series of complex derivatives deals.

"We have received some information, but not all the relevant information," said the commission's spokesman on economic issues, Amadeu Altafaj.

He added that the Greek government has told the commission that strikes in the country last week made it difficult to compile all the relevant information. A Greek government official in Brussels confirmed that strikes affected the finance ministry in Athens last week and that officials have asked the commission for more time to deliver a full report.

—Adam Cohen contributed to this article.

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■ London entity was created to route cash 29

India stresses Games security

By Paul Beckett

NEW DELHI—Faced with widespread anxiety over the effectiveness of India's security apparatus, senior Indian officials on Monday detailed procedures they plan to follow during October's Commonwealth Games that include snipers on rooftops and a taster for VIP food in hotels.

"We are very determined to provide a safe and secure Commonwealth Games," said Home Secretary G.K. Pillai at a news conference. He said intelligence agencies in India and other countries were regularly sharing information, though he acknowledged that the greatest challenge to security at the event was from a "lone wolf"—a previously unknown terrorist who hadn't been picked up on intelligence intercepts.

The Commonwealth Games will bring together 8,500 athletes from 52 countries in the British Commonwealth in the capital for 11 days, the biggest sporting event Delhi has hosted since the 9th Asian Games in 1982.

The arrival in Delhi of athletes and others involved in the multi-sport Games would be covered by snipers, commando strike teams, bomb-disposal experts, a dog squad, and other emergency services, said Neeraj Kumar, special commissioner at the Delhi Police. Venues, from the purpose-built village where athletes stay, to competition sites to hotels for others involved in the Games, would receive similarly close guard, he said.

This year, India is hosting a series of high-profile sporting events that have raised concerns over its ability to handle any security crisis that might emerge.

Roads will have lanes for the exclusive use of game participants. Designated hotels will send food, tasted by experts, from their kitchens under security escort to be served to Games VIPs.

India's security procedures have come in for scrutiny following the bungled response of security services in the early hours of the Mumbai terror attacks in November 2008 and in the wake of the bombing in the western city of Pune earlier this month that killed 15.

This year, India is hosting a series of high-profile sporting events that have raised concerns over its ability to prevent another attack and to handle any security crisis that might emerge.

Starting Feb. 28, the capital hosts the field-hockey World Cup. A striker for the New Zealand team, Simon Child, pulled out of the event last weekend because of concerns about security, even though the nation's hockey governing body said it was satisfied with arrangements, according to news reports.

India also is preparing for March's Indian Premier League, a cricket league played in cities around the country that draws international professional players.

One Pakistani-based terrorist outfit last week reportedly issued a threat to the field-hockey, cricket and Commonwealth tournaments.

—Vibhuti Agarwal contributed to this article.

Obama unveils revised health-overhaul plan

By Laura Meckler

Trying to revive languishing U.S. health-care legislation, the White House proposed Monday that a tax on high-end health plans be delayed for all workers, not just those in unions, and suggested new taxes to help make up for the lost revenue.

President Barack Obama will carry the proposal, an attempt to bridge differences between bills passed by the House and Senate last year, into a bipartisan meeting with congressional leaders Thursday, as Democrats try to regain momentum and push their legislation through final passage in Congress.

The new White House proposal would cost $950 billion over 10 years, more than the bill approved by the Senate but less than the House measure.

The proposal increases penalties on business that fail to insure their workers and individuals who fail to get health insurance, as would be required under the new law.

The Obama plan calls for giving the federal government authority to block insurers from making premium-rate increases. A new Health Insurance Rate Authority would lay out what it viewed as reasonable rate increases, and those considered unjustified could be blocked.

The White House recognizes that the only viable path to passage of the sweeping bill is for the House to pass the Senate bill, and then for both houses to amend that new law through a process called reconciliation, which only requires a majority vote in the Senate.

The Senate bill included a new tax on high-end "Cadillac" health-insurance plans, an effort to raise money for the bill and to discourage those plans, which economists say lead to higher health spending. Unions and many Democrats opposed the measure. Last month, union leaders negotiated changes to lessen the impact of the new tax.

The White House said Monday that the tax should be delayed for all workers until 2018. The president also proposed raising the threshold for the tax to plans valued at $27,500 for a family.

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Taiwan Semiconductor Manufacturing's headquarters in Hsinchu, Taiwan. An increase in outsourcing orders are likely to boost the earnings of contract chip makers like TSMC.

Rise in outsourcing expected to buoy Asian chip makers

United Microelectronics, TSMC will gain as firms seek to save output costs

By Lorraine Luk

HONG KONG—Asia's contract chip makers will likely see their earnings improve sharply this year as the global economic recovery lifts demand, and as more semiconductor companies world-wide, facing pricing pressures and hefty investment burden to build cutting-edge factories, look to outsource more production.

Rising outsourcing orders, especially from Japanese integrated device manufacturers such as **NEC Electronics** Corp. and **Fujitsu Microelectronics** Ltd., are likely to lift the earnings of contract chip makers **Taiwan Semiconductor Manufacturing** Co. and **United Microelectronics** Corp. of Taiwan, analysts say.

Both NEC and Fujitsu are IDMs—traditional chipmakers that handle semiconductor manufacturing in-house. But as they continue to struggle with losses, analysts say they are expected to boost outsourcing to save production costs.

Fujitsu Microelectronics last year unveiled a "fab-lite" strategy, meaning it would outsource production without building new semiconductor fabs. The company inked a deal to outsource production of advanced semiconductor devices to TSMC.

"Fujitsu Microelectronics plans to start and expand 40-nanometer production at TSMC's fabs this year for use in applications such as digital audio, video, mobile, game and high-end servers," said Adam Blankenship, a spokesman at Fujitsu.

He said the Japanese company agreed in August to develop advanced 28-nanometer process technology of logic chips jointly with TSMC and outsource production to its Taiwanese partner. The company, however, declined to disclose how much of its total chip production is outsourced.

"Integrated device manufacturers are facing tighter budget constraints like never before. For them to survive it is imperative that companies follow a two-pronged strategy, of outsourcing manufacturing of next-generations nodes to specialist foundries and co-developing process technology to meet the time-to-market goals," said Akkaraju Venkata Sridevi, analyst at California-based consulting firm Frost & Sullivan.

NEC Electronics spokeswoman Kyoko Okamoto said the company plans to "minimize [fab] investment down to a necessary level and adopt a compound IDM structure, utilizing both in-house production and outsourcing." She declined to disclose further specifics and the names of its partners.

Research firm Nomura International expects revenue in the contract-chip market to jump roughly 30% this year to at least US$20 billion from US$15 billion in 2009, driven by IDMs' increasing moves to outsource production. The firm expects growth in the contract-chip market to outpace growth in the overall semiconductor market this year. Gartner expects revenue in the overall semiconductor market to rise 13% this year to US$255 billion from US$226 billion in 2009.

Nomura analyst Rick Hsu expects outsourcing orders by IDMs—for advanced technology nodes such as 45 nanometer and below—to contribute US$2 billion-US$3 billion in revenue to the contract-chip making sector this year, or about 10%-15% of total contract chip making revenue.

A chip's transistor components and the spaces between them are measured in nanometers. The smaller and more closely transistors can be packed together, the more powerful the chip.

Asian chip makers are upbeat about their growth prospects this year. Both TSMC and UMC, the world's two biggest contract chip makers, have reported sharply improved earnings in the fourth quarter, reflecting optimism surrounding the sector.

Last month, TSMC reported its highest quarterly net profit in two years, under-

Please turn to next page

TECHNOLOGY

‘War of Internet Addiction’ creator speaks

By Loretta Chao And Juliet Ye

“War of Internet Addiction,” the 64-minute “machinima” film about a battle with government Internet controls that has become an Internet sensation in China, remains unblocked, but its creator, Corndog, says that wasn’t always the case.

The network engineer from Beijing, who says he is in the “post-1980” generation, as people in their 20s are currently known in China, finally agreed to answer some questions. He said his video was removed from Chinese Web sites **Youku.com** and **Sina.com** when it was first posted in January, but it has since been restored. Even with that blip, the video has been viewed at least several million times. According to online video Web site **Tudou.com**, where he first published it, the video was viewed two million times within three days on the site.

Corndog also explained that the movie’s main character, Kan Ni Mei, whose name is made up of the characters “see you sister,” was the leading character in earlier films made by his team, including one for which he won an award at a film festival held by Tudou, and that the name has no significance. He declined to give his own real name, though.

A screen shot showing Kan Ni Mei, the hero of “War of Internet Addiction.”

WSJ: Why did you make this movie?

Corndog: The original idea to produce “War of Internet Addiction” came up because my earlier video, “Wrath of the Lich King,” was popular among World of Warcraft players and I didn’t put an end to the plot. Over the past year, I was asked in [online] forums how soon I would finish the sequel, so I made “War of Internet Addiction.”

WSJ: How did you make the video?

Corndog: We had eight people working in the video’s technology team. ...I was the director, script writer and coordinator. ...Another 31 people worked on dubbing...and some other people produced the actions of characters in the game. There were around 100 people who joined in to produce this video, most of whom I didn’t know...but every [one of them] loves the game World of Warcraft, so they volunteered. In all it took three months. The first month was for writing the script, the following month was for filming and the last month was for editing and postproduction. We made zero investment. Strictly speaking, the biggest cost was for electricity fees for the computers for three months, and cigarettes. The time contributed by everyone was immeasurable.

We cooperated through the Internet. For dubbing, for example, we discussed how to do it online, how to understand the emotion of characters, [then] they emailed me the audio files and I edited them. If there was a need to fix it, we would discuss by chatting online again.

WSJ: How did you choose which social events to put into your script?

Corndog: [They] had to be able to contribute to the development of the plot. After all, I wasn’t making a documentary. Secondly, they had to be hot-topic events, which anyone accessing the Internet would know. Third, it was better if they triggered more humor.

WSJ: Did you play the role of Kan Ni Mei? Did he express your own ideas? Does his name have any special meaning?

Corndog: Our team has developed three videos for the character Kan Ni Mei. He’s fictional. Some of the script expresses my own ideas. There is a story behind the origin of Kan Ni Mei. One gamer uploaded his own photo to a gaming forum of a “Tauren,” a [Warcraft character] with a bull’s head, who was dressed in clothes his character wasn’t supposed to wear. People who understood the game found this photo very hilarious...and it was spread widely, so we used it as the film’s protagonist. Kan Ni Mei has no other meaning.

WSJ: When you released the video, how did you expect people to react? Did you have concerns that it would be controversial? Have you heard any dissatisfaction about it?

Corndog: Gamers should salvage their own name and stand up for themselves. I have some pressure since the short film has become a hot topic. My concern is it might be misunderstood by people who don’t know about World of Warcraft. Some gamers complained the film involved too many things and it was hard to understand, and that it contained some “f” words. As for the former point, some Internet users have created subtitles, which are helpful for understanding [the film]. In fact, it is easy to search on the Internet to understand what I meant. As for the latter point, this is my personal understanding of the film: I think it is impossible to make a movie without [those words], since in real, daily life we all hear dirty words. This is real life.

WSJ: In your movie, though Kan Ni Mei and his team defeated Crying Beast Yang, we’re told another “beast” will be selected. What is your view on the real-life “war”—will it last?

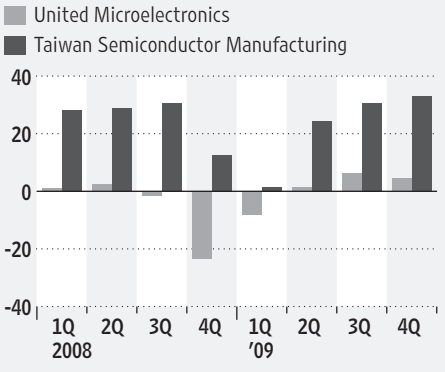
Corndog: As one of China’s Internet users, I think the Chinese Internet is bad...I am not optimistic about the Chinese Internet and online games in China. The “war” will continue. As for the tight controls on the Internet, my view is the same as others: China’s Internet is open.

Outsourcing is expected to buoy Asia’s chip makers

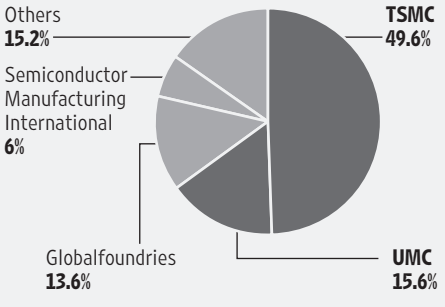
Bumper year ahead

A look at Asia’s chip-making giants

Net profit/loss
in billions of New Taiwan dollars



Top contract chip makers
by revenue market share



Sources: the companies, iSuppli

Continued from previous page

pinned by a recovery in global chip demand. TSMC said its net profit for the three months ended Dec. 31 was NT$32.67 billion, up from NT$12.45 billion a year earlier. TSMC’s factories are now operating at full capacity, and there is a capacity shortage particularly in advanced technologies, TSMC Chairman Morris Chang said.

UMC Spokeman Richard Yu said the company’s revenue from IDMs has been about 20% of UMC’s total in the last few quarters.

“This is actually very positive since it shows that IDMs are continuing to come to foundry despite having their own fabs, since UMC can offer competitive yields/cycle times with the added advantage of manufacturing flexibility. We however are still working on improving the revenue contribution from Japanese chip design companies,” Mr. Yu said.

UMC, the world’s second-largest contract chip maker by revenue after TSMC, this month posted a net profit of NT$4.4 billion for the three months ended Dec. 31, reversing a record net loss of NT$23.51 billion a year earlier.

“In 2010, both the foundry industry and our operations will have very positive growth,” UMC Chief Executive Shih-Wei Sun said. “We raised our capital expenditure in expanding capacity and in research and development in advanced technologies.”

Both TSMC and UMC declined to provide specific earnings forecasts for this year.

Still, competition could get more intense with the emergence of another industry player. **Globalfoundries**, majority owned by **Advanced Micro Devices** Inc. and Abu Dhabi-funded **Advanced Technology Investment** Co., bought Singapore-based contract ship maker Chartered Semiconductor Manufacturing International Ltd. last year for US$1.8 billion in cash. The company has said the overall macroeconomic and chip foundry markets are very strong and it sees strong growth shaping up for 2010. It is targeting double-digit revenue growth, without providing further specifics.

“What’s interesting is the further movement by integrated design manufacturers to adapt the ‘fablite’ model,” said Douglas Grose, chief executive at Globalfoundries. “A lot of that could be centered around Japan and some of the companies that have consolidated there, to get their growth and capability in place, they need to move towards the ‘fablite’ model. The outsourcing trend will continue.”

Bazaar: Seoul

What they’re buying at
Asia’s gadget emporiums

LG

The place Lotte Department Store, Sogongdong

The goods LG Electronics’ “Borderless” 42-inch liquid-crystal-display television with light-emitting-diode backlight

The specs LG Electronics’ latest edge-mounted LED-backlit TV—dubbed “Borderless” since you can’t feel the seam between the screen and the surrounding rim—is being well received. Its stylish outfit isn’t its only attractive attribute: The TV also boasts improved picture quality, better color saturation and power savings. The Borderless model, launched in September, can display more than 50 channels on one screen and help users to browse the programs with a mouse-type remote control. It also supports playback of high-definition DivX movie files via USB connection. LG also plans to launch larger-screen LCD TVs with a narrower 8.5 millimeter seam and full-array LED backlights this month.

The price 1,850,000 won ($1,605)

The deal The Lotte salesman said LED-backlit TVs are rapidly replacing conventional LCD TVs as the price gap between the two narrows. The cheapest offer for the 42-inch Borderless TV is 1,357,450 won at a local online auction site. —Jung-Ah Lee

CAREER JOURNAL

Opening up a firm's succession plans

At Frontier, board members mentor and forge bonds with CEO's lieutenants; assessing strengths and weaknesses

By Joann S. Lublin

STAMFORD, Conn.—Maggie Wilderotter, chief executive of **Frontier Communications** Corp., isn't trying to fight off challengers for her job. In fact, she's using her board to help train them.

For many CEOs, letting outside directors forge tight bonds with potential successors probably sounds like career suicide. Yet investors and even board members increasingly realize that companies do too little to prepare for a smooth change at the top.

Mrs. Wilderotter shares that concern. So in 2006, she created a highly unusual program that matches each of her top lieutenants with a board member for at least two years of informal coaching. Executives improve their leadership ability and board ties. Directors get in-depth looks at possible future occupants of the corner office.

Other U.S. companies may imitate Frontier, a regional communications company here, thanks to a U.S. Securities and Exchange Commission decision last fall. The agency now allows shareholders to present resolutions that ask companies to adopt and disclose detailed CEO succession-planning policies.

The first such measure, sponsored by the Laborers' International Union, comes to a vote at the March 8 annual meeting of **Whole Foods Market** Inc. The resolution asks the natural-foods chain to report on its CEO succession plan every year. Whole Foods opposes the proposal, saying in its proxy statement that it "attempts to micro-manage the board of directors." The union submitted similar resolutions to 13 other businesses, including **Bank of America** Corp.

Don Hamerman

Frontier's Maggie Wilderotter asked the board to mentor executives.

"The altered SEC policy has intensified board interest in preparing sooner for a leader's exit, but it's hard to get chief executives focused on planning their own funeral," says Paul Winum, a senior partner who runs the CEO succession practice at **RHR International**, an executive-coaching firm. "And Frontier seems unique about using systematic mentoring by directors as a succession-planning tool."

Mrs. Wilderotter was recruited in late 2004 and came up with the mentoring idea after she shook up her senior management and board. With so many new faces around, she wanted board members to get to know her seven highest deputies "in a more meaningful way," she recalls. Fellow directors decided mentors and their charges should confer face to face at least three times a year.

"It takes a very courageous CEO to do that," says William W. George, a former CEO of **Medtronic** Inc. who has served on other corporate boards. "There still are a number of old-guard CEOs who like to hang on as long as they can. They don't really want a successor who would be better than they are."

Mrs. Wilderotter extended the program last year to another four key executives. The 55-year-old leader believes many have the potential to become president or CEO and doesn't feel threatened by their relationships with mentors. The biggest benefit for Frontier? A richer discussion during the board's three-hour succession planning session every October. Mentors react to Mrs. Wilderotter's assessments of her lieutenants, offering insights about their assigned executive's strengths and weaknesses.

The absence of that sort of robust board discussion at other companies troubles not only activist shareholders, but board members as well. Nearly four in 10 directors are dissatisfied with their companies' management succession planning, according to a 2009 poll of 1,021 directors by PricewaterhouseCoopers and Corporate Board Member magazine. That's up from 35% in 2007. Similarly, less than half of all directors rate themselves as "highly effective" at CEO succession, concludes a 2009 survey of 236 board members by Chief Executive magazine and RHR.

The result has been a number of poorly managed power transfers. Long-embattled Bank of America Chief Executive Kenneth D. Lewis, for example, surprised the bank's newly reshaped board last September by saying he would leave at the end of 2009, a year earlier than expected. A bank spokesman declined to comment.

"Done wrong, CEO succession causes all kinds of other disruptions in terms of corporate performance," says Richard Metcalf, director of corporate affairs for the Laborers' union.

When Frontier hired Hilary E. Glassman as its general counsel in July 2005, it assigned director Howard L. Schrott as her mentor. Mr. Schrott, a broadcast-industry veteran with a booming voice, taught the first-time, public-company general counsel how to appear less nervous during board presentations.

Ms. Glassman accepted Mr. Schrott's suggestions, which included making detailed notes, talking louder and practicing before a mirror. He "was a very critical part of...my development," she recollects.

Myron "Mike" Wick, Frontier's lead independent director and a long-time entrepreneur, began coaching Cecilia K. McKenney the day the human-resources executive arrived in February 2006. He strongly endorsed Mrs. Wilderotter's board recommendation that Ms. McKenney take charge of Frontier's five call centers two years ago. The expanded role roughly doubled her budget. "Cecilia has the capability to be the chief operating officer of the company," Mr. Wick says.

Ms. McKenney, now an executive vice president, says Mr. Wick made her more effective by urging her to fill long-vacant positions and critiquing her drafts of a new leadership-development push.

The risk of Frontier's succession planning system is that mentors could lose their ability to monitor management objectively.

"They start to be the advocate for somebody rather than a dispassionate reviewer," says Stephen Miles, managing partner of leadership consulting for recruiters **Heidrick & Struggles International** Inc. He recommends that Frontier board members switch the executives they mentor every year.

Career Opportunities

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Vindicating John Yoo

So after five years of investigation, partisan accusations and unethical media leaks, the Justice Department's senior ethicist has concluded that Bush Administration lawyers John Yoo and Jay Bybee committed no professional misconduct. The issue now is whether the protégés of Attorney General Eric Holder who led this exercise at Justice's Office of Professional Responsibility (OPR) should themselves be in the dock.

That's our reading of the analysis by Associate Deputy Attorney General David Margolis, a career official who reviewed both the Bush-era legal memos on interrogating terror suspects and their review by the lawyers at OPR. Remarkably, his report is far more scathing about OPR than it is about Messrs. Yoo and Bybee, who he says made legal errors but did so in good faith, out of honest legal analysis, and in the ethical service of their clients in the executive branch at a time of war.

Mr. Margolis's review overrules both a draft OPR report whose contents were leaked to the media last year and a final OPR report that was released along with the Margolis review late Friday. Those OPR reports recommended disciplinary action and potential disbarment for Messrs. Bybee and Yoo for their advice while working in the Office of Legal Counsel (OLC) in the frantic months after September 11. The leaks were themselves an unethical attempt to smear the reputations of the lawyers while they were under a gag order and unable to reply.

House Judiciary Chairman John Conyers nonetheless leapt to praise Friday's release of earlier drafts, touting them as evidence that the OLC memos were "legally flawed and fundamentally unsound." Senate Judiciary Chairman Pat Leahy promptly called for Judge Bybee to resign from the federal bench. Both Democrats have scheduled more grandstanding, er, hearings, for the coming days.

> Bush lawyers are found to have acted ethically, unlike their accusers.

Justice is defending its pre-weekend document dump by saying that it had to release the entire record. But notably, Justice failed to release a 14-page January 19, 2009 letter from then-Attorney General Michael Mukasey and Deputy AG Mark Filip that eviscerated the first OPR draft. The selective disclosure by Mr. Holder suggests the political nature of this entire exercise.

Readers can review the documents for themselves, but two OPR judgments deserve particular scorn. The first is the claim that Messrs. Yoo and Bybee were so close to their client, i.e., the White House, that they knew what the President and CIA wanted to hear. But it is perfectly appropriate for a lawyer to know what his client wants, and, by OPR's standard, 99% of professional lawyers could be considered guilty of misconduct.

The ethicists at OPR also claim the Bush attorneys were wrong to stick to a legal analysis of interrogation practices and should have also considered their moral and policy implications. But the duty of the Office of Legal Counsel is precisely to offer legal advice, not to render policy judgments. Interrogation policy was determined by the CIA and the White House, as it should have been. The last thing the country needs is for lawyers to tell the CIA how to get actionable intelligence from enemy combatants. What's more, as Mr. Mukasey's memo makes clear, the legal canons of Washington, D.C. and many states expressly prohibit lawyers from offering such policy advice to sophisticated clients such as the U.S. government.

The rotten quality of the OPR efforts—and Mr. Margolis's repudiation of them—raises real questions about the lawyers who produced this work. H. Marshall Jarrett, who supervised the first OPR draft, is a protégé of Mr. Holder who managed not to produce his draft report until the Bush Administration was preparing to leave office. After Mr. Mukasey "memorialized" his concerns, as his letter put it, the Jarrett draft was leaked without the Mukasey response. Mr. Holder reassigned Mr. Jarrett in April 2009 to lead the Executive Office for U.S. Attorneys, an arguably more powerful post. His OPR effort makes him unfit for such a job.

* * *

Mr. Margolis deserves credit for his independent analysis, but we also can't help but notice the striking change of tone in the last few pages of his report. Mr. Margolis's only duty was determining whether the Bush attorneys had adhered to proper ethical standards. On that question, he is unequivocal in saying they did.

However, at the end of his 68-page review he indulges in some superfluous commentary that Messrs. Yoo and Bybee exhibited "poor judgment" and that some of their legal analysis was mistaken. This is a matter of opinion—akin to writing an op-ed piece—unrelated to the question of whether they behaved unethically, and it is precisely the kind of judgment that Mr. Margolis says earlier in the report that he will not render. His change of tone is notable enough that it raises a question of whether Mr. Margolis decided to add this concluding rhetoric as a way to propitiate Mr. Holder and to save at least some face for the AG's protégés. Republicans should ask Mr. Margolis about this if Democrats proceed with their hearings.

The larger story here is the vindication of Mr. Yoo and the other Bush attorneys, who were pilloried unfairly over ethics in what was really a policy dispute in the war on terror. Democrats wanted to appease the anti-antiterror left, and they fixed on punishing mid-level officials as prominent enough to get public attention but not so prominent as to seem like a banana republic seeking revenge against a former President or Vice President. Their campaign has now been exposed as a partisan, and unethical, smear.

NATO's Future in Afghanistan

With the possible exception of Kenya, no other country has more enthusiastically endorsed the promise of Barack Obama than the Netherlands. At the time of his election in 2008, a survey put his favorability ratings among the Dutch at 85%. Funny, then, that all of that enthusiasm isn't reaping the diplomatic dividends an Obama Presidency was supposed to yield.

On Saturday, Social Democratic leader Wouter Bos quit the coalition government of Prime Minister Jan Peter Balkenende, who will now likely be forced to call an early election. Unlike Mr. Balkenende's Christian Democrats, Mr. Bos—who serves as finance minister and is a self-declared fan of Mr. Obama—says he sees "no good reason" to agree to U.S. and NATO requests to extend Holland's 2,000-strong mission in Afghanistan beyond this year. The public apparently agrees: In a poll published last Thursday in the NRC Handelsblad newspaper, only 38% support extending the Afghan mandate, while 48% want the troops out.

Unlike much larger NATO allies such as Germany, Dutch troops have been put in the line of fire and suffered more than 20 fatalities. The size of the force means Dutch troops aren't likely to be decisive to the military outcome. In that sense their role is at least partly symbolic, even as the casualties they incur are very real.

Then again, Holland's presence in the fight is a demonstration that the "solidarity" that NATO's European members promised America after 9/11 wasn't in name only. The likelihood of a Dutch withdrawal now calls into question the willingness of other NATO members to remain in Afghanistan. It also puts those forces at greater risk, since the Taliban is keen to attack countries seen as the weakest link in the NATO chain.

The future of Afghanistan is now being decided in places like Marjah, where U.S., British and Afghan forces are waging the war one sniper alley at a time. But the future of Europe's commitment to NATO now rests in part in the hands of Dutch voters and politicians, who might consider whether maintaining the credibility of an organization that has guaranteed Holland's security for 60 years is reason enough to incur some further sacrifice.

China's Tibet Tactics

Much ado has been made about President Obama's chat with the Dalai Lama last week and the predictable response from Beijing. "The U.S. act grossly interfered in China's internal affairs, gravely hurt the Chinese people's national sentiments and seriously damaged the Sino-U.S. ties," said a government spokesman with the usual understatement. But the verbal barrage reveals more about China than it does about U.S. policy toward Tibet.

> Verbal attacks underline Beijing's insecurities, not its strength.

Beijing believes it can browbeat other nations into ignoring its human-rights violations in Tibet. In 2008, China canceled a trade summit with the European Union because of a planned meeting between the Dalai Lama and Nicolas Sarkozy. In 2007, shortly after the Dalai Lama received the Congressional gold medal, U.S. warships were turned away from Hong Kong. Similar petty retaliations have followed the Dalai Lama's meetings with leaders in European countries in recent years.

The fist-shaking has yielded short-term benefits for Beijing. President Obama postponed his meeting with the Tibetan leader until after his November trip to China, and his Administration has dealt with Chinese human-rights abuses in whispers. Leaders in Australia, New Zealand and other democratic nations have also declined to meet the Dalai Lama in recent years.

All this has given China a freer hand with which to pursue its crackdown on dissent in Tibet, which started in earnest after the March 2008 riots in Lhasa. The China-Tibet dialogue has stalled. Beijing is also pushing ahead with plans to develop the territory with little regard for Tibetan concerns over the influx of Chinese immigrants that will further stamp out the Tibetan way of life.

Yet for all that, China's tough stance will only draw more attention to the Tibetan cause. "Free Tibet" groups abound in France, Britain and other free nations. In the U.S. last week, the Dalai Lama was awarded a medal from the National Endowment for Democracy. He will spend the rest of the week touring California and Florida and addressing audiences at sold-out talks.

China's verbal barrages also sustain a vibrant and ever-more-angry Tibetan youth movement abroad. In the nearly two years since the Lhasa riots, Tibetan groups that support independence (which the Dalai Lama does not) have grown more vocal.

Much of the reason Tibet touches such a raw nerve in Beijing is that the unrest there goes to the heart of the Communist Party's lack of democratic legitimacy. The more the Party attempts to impose its will—on Lhasa and on those who dare to meet with its most famous son—the less legitimate its rule will seem, and the more support the Dalai Lama will receive around the world.

OPINION

I'm Cashing In—And You Can Too

By Nidra Poller

Paris

This is the big day! I'm going to cash in on my spam. I've collected more than 150 lucrative messages and it's time to add up my earnings. Hours of backbreaking toil with a handheld adding machine and a six-page scribbled spreadsheet running from Tama Aku (October 31, 2009) to abubakar abdullahi (February 5, 2010) yield—after triage, tally, and conversion of pounds and euros to dollars—a measly $300 million. Is that all?

Hundreds of thousands of pounds from Euromilliones, British Canadian, U.K., British National, Canadian, and Asia International lotteries. Generous windfalls from Microsoft, Nokia, Shell Petroleum, Mercedes Benz, Toyota (I guess that source will dry up). Hefty shares of tens of millions lying dormant in exotic bank accounts. It seemed like all the money in the world twice over was mine for the taking. My own personal stimulus package. Hmph! How far can you get with $300 million in today's world?

Live and Learn. And there is much to learn from a well-lined spam box. Who knew that foreign millionaires stash their fortunes in the coffers of the Bank of Africa, Ouagadougou, Burkina Fasso, only to die, intestate, in high profile catastrophes?

Did you know that the Ouaga BOA has a plethora of officers whose integrity doesn't extend past the first line of the missive personally addressed to you, Undisclosed Recipient. After apologizing for writing to me out of the blue Dr. Haris Hakim unashamedly offers to pass me off as the next of kin and give me 40% of a dormant account known only to himself. Please keep our transaction confidential. You better believe it. His colleague at the next desk wrote me the next day with an equally lush confidential offer. Different dead foreigner, same order of magnitude.

European leaders who are zealously uprooting tax havens—in French we call them "paradis fiscaux"—obviously haven't looked into the books of the Bank of Africa. This might explain why so many foreign millionaires keep their money in Burkina Faso.

Theoretically I could pass on the shady Burkinabé deals and stay within the bounds of international law: The United Nations will, I am told, give me £550,000. Slim pickings compared to that great oil-for-food scam. I had a few messages from Madame Ban Ki Moon herself, but Google siphoned them off—and no doubt took the proceeds. Not to worry, Google is redistributing the wealth with its own award program that for some strange reason missed my Gmail box and landed in spam.

Getty Images

The International Money Fund has cleared away the red tape and is processing my million-dollar contractor's fee. Now "the square peg is in the square hole" and as soon as I send the requested information, "a diplomat with international traveling immunity will . . . deliver the Funds at your doorstep."

What is "State Government" doing in this crowd? Governments don't give money, they take it, spend it, and come back for more. Yes, but it's no use having a gazillion dollars if you don't live in a stable country, out of reach of thieves, swindlers, and unscrupulous spammers. So State Government offers you, that is me, a visa. I don't need it. I'm a State citizen. If anyone is interested, send me all I need to know and it's yours.

Seriously, a lot of these offers are fishy. But fortunately, Mr. Thomas Adeniran is our man. Due to the meddling of corrupt government officials, he writes, you have not received your fund. "The National Central Bureau of Interpol enhanced by the United Nations and Federal Bureau of Investigation have successfully passed a mandate to the current president of Nigeria his Excellency President Umaru Yar'Adua to boost the exercise of clearing all foreign debts . . ." They'll send you an ATM card authorized for daily withdrawals of $10,000. . . .

Don't think these shenanigans are limited to African banks. Mr. Martin Puyoll, International Relation's Manager with "Barclays bank of England," will present me as next of kin to Mr. Hamilton Creek, wiped out along with wife and children when his car collided with "a Trailer load of Groundnut Oil."

"Hello Dear

"My names are Al-Hawshabi Karim, A Yemen national I have been diagnosed with Oesophageal cancer. It has defiled all forms of medical treatment, and right now I have only about a few months to live, according to medical experts. I have not particularly lived my life so well, as I never really cared for anyone (not even myself) but my business. . . ."

This spam box is a goldmine of market literature. I could go on and on, but my editors can't afford another word. This piece is going to cost them $13,846,959.00 [This is not true. -eds]. And I'd like to share my good fortune with you, the very special reader chosen from my database. Please send your name, sex, occupation, postal address and social security number and I will give you a rendez-vous in a sorghum field in Bobo Dialassou, Burkina Faso on a moonless night. Urgent and confidential.

Mrs. Poller is an American author living in Paris.

Plotting a Revolution

[Bookshelf]

Reality Hunger: A Manifesto
By David Shields
(Knopf, 219 pages, $24.95)

By Sam Sacks

Good manifestoes propagate. Their seeds cling to journals and blogs and conversations, soon enough spawning sub-manifestoes of acclamation or rebuttal. After the opening call to action, a wide variety of minds turn their attention to the same problem. It's the humanist ideal of a dialectic writ large: Ideas compete and survive by fitness, not fiat.

David Shields's "Reality Hunger" has just the immodest ambition and exhorter's zeal to bring about this happy scenario. Subtitled "A Manifesto," the slim book opens by declaring: "My intent is to write the ars poetica for a burgeoning group of interrelated (but unconnected) artists in a multitude of forms and media"—from novelists and poets to rappers and stand-up comics—"who are breaking larger and larger chunks of 'reality' into their work."

These "chunks" are central to Mr. Shields's vision: "Reality Hunger" is a composite of 617 discrete passages of prose (further divided, for reasons unknown, into 26 alphabetized chapters). Most of the entries are excerpts from a grab-bag of other writers: epigrams from Wilde or Kierkegaard, paragraphs from essays by Malcolm Gladwell or Margo Jefferson, and so on. Mr. Shields has tampered with the excerpts as he sees fit, melding a quote from Emerson to one from Goethe, for instance, without informing the reader. Or, rather, not revealing the blending except in a small-print appendix, where the rest of the book's many attributions can be found. "Reality Hunger" often feels like a combination of a commonplace book and an episode of "Jeopardy!"—much of the fun is in trying to guess who is behind each passage. But the burying of sources frustrates the readerly prerogative of debating the author, because you're never quite sure who the author is.

Keeping the reader off balance is one of Mr. Shields's goals, of course. He argues for experimental forms of literature that will jolt readers and writers into a more self-conscious relationship with a text. He disdains any artifice that is not outspokenly aware of its artificiality. Plot, Mr. Shields writes, is mere "erected scaffolding" to be torn down, "and what stands in its place is the thing itself." If he had his way with "Hamlet," he would "ditch the tired old plot altogether and just harness the voice."

Here are the sorts of changes he has in mind: Fiction and autobiography would mingle freely; essays and criticism would become lyrical, verse and novels essayistic. The writer would openly plagiarize peers and past masters. And all of it would be rendered in jagged, loosely connected fragments. Why? Because this resembles life, which "flies at us in bright splinters": "The novel is dead. Long live the antinovel, built from scraps."

There is a certain insouciance in this grandstanding— Mr. Shields must know that the novel's demise has been announced with alarm-clock regularity for nearly a century. And while he also shows a playful awareness of John Barth and other forerunner advocates of experimental fiction, Mr. Shields's proposed forms are best likened to the collages of Robert Rauschenberg (duly quoted in "Reality Hunger"), which mix self-portraiture, pages torn from books, defaced photographs and other "available material."

> **'The novel is dead. Long live the antinovel, built from scraps.'**

Experimental work in the arts has over the past few decades often represented healthy reactions to traditional certainties and bred counterreactions that looked back to tradition with refreshed eyes. Some readers, then, will praise Mr. Shields for his full-throated defense of the experimentation being attempted at the outer currents of the mainstream. Surprising, often exhilarating writing can be found online and in small presses, and it deserves public champions.

Alternatively, there will be readers who take issue with the way that Mr. Shields divorces a novel's form from its content. "Reality Hunger" makes virtually no mention of fiction's capacity for emotional discovery or moral instruction. Many people have little interest in reading things that are simulacra of anxious everyday disorder; they look to books to *escape* that disorder or to make sense of it, to stir their deepest feelings or their noblest impulses in ways that real life rarely does.

Ostensibly, the discussion occurring right here is the sort of back-and-forth that Mr. Shields's manifesto is meant to engender. Yet something about "Reality Hunger" dampened my enthusiasm for debate. The book is packaged front-and-back with glowing blurbs from a formidable roster of well-known writers—including Frederick Barthelme, Patricia Hampl, Jonathan Lethem and Philip Lopate—but a glance at the appendix turns up many of the same names. Of the 14 blurbers, excerpts from work by fully half of them appear in the book itself, meaning that these esteemed authors are in effect heaping praise on themselves.

No doubt in Mr. Shields's anything-goes view, writers endorsing books featuring their work is just a bit of cheeky marketing, but to the unpersuaded it heightens the sense that "Reality Hunger" is less a manifesto than a narcissistic exercise. By the time you reach entry No. 194 or so, it's hard to avoid the suspicion that Mr. Shields is indifferent to perspectives that vary from his own. Instead, because he has a short attention span, so must the rest of the world. In the book's most dismaying passage, he writes: "When I'm constrained within a form, my mind shuts down, goes on sit-down strike, saying, This is boring, so I refuse to try very hard." This is not a credo for an anti-novel, but for anti-thought.

Obviously Mr. Shields is perfectly capable of exercising the atrophied part of his mind that shuts down when confronted by traditional books; it takes a curious self-absorption to assume that the burden of change rests with everybody else. And ultimately, despite the interesting provocations in "Reality Hunger," that's the impression it leaves: Mr. Shields is espousing a movement that would valorize his own laziness. He'd like literature, and its millions of faithful followers, to conform to his own private version of reality.

Mr. Sacks is an editor of the online arts and literature review Open Letters Monthly.

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OPINION

Judicial Coup in Pakistan

By David B. Rivkin Jr. And Lee A. Casey

When U.S. President Barack Obama sharply challenged a recent Supreme Court decision in his State of the Union address, prompting a *soto voce* rejoinder from Justice Samuel Alito, nobody was concerned that the contretemps would spark a blood feud between the judiciary and the executive. The notion that judges could or would work to undermine a sitting U.S. president is fundamentally alien to America's constitutional system and political culture. Unfortunately, this is not the case in Pakistan.

Once a democratic champion, the Chief Justice now undermines the elected government.

Supreme Court Chief Justice Iftikhar Mohammed Chaudhry, the country's erstwhile hero, is the leading culprit in an unfolding constitutional drama. It was Mr. Chaudhry's dismissal by then-President Pervez Musharraf in 2007 that triggered street protests by lawyers and judges under the twin banners of democracy and judicial independence. This effort eventually led to Mr. Musharraf's resignation in 2008. Yet it is now Mr. Chaudhry himself who is violating those principles, having evidently embarked on a campaign to undermine and perhaps even oust President Asif Ali Zardari.

Any involvement in politics by a sitting judge, not to mention a chief justice, is utterly inconsistent with an independent judiciary's proper role. What is even worse, Chief Justice Chaudhry has been using the court to advance his anti-Zardari campaign. Two recent court actions are emblematic of this effort.

The first is a decision by the Supreme Court, announced and effective last December, to overturn the "National Reconciliation Ordinance." The NRO, which was decreed in October 2007, granted amnesty to more than 8,000 members from all political parties who had been accused of corruption in the media and some of whom had pending indictments.

While some of these people are probably corrupt, many are not and, in any case, politically inspired prosecutions have long been a bane of Pakistan's democracy. The decree is similar to actions taken by many other fledgling democracies, such as post-apartheid South Africa, to promote national reconciliation. It was negotiated with the assistance of the United States and was a key element in Pakistan's transition from a military dictatorship to democracy.

Chief Justice Chaudhry's decision to overturn the NRO, opening the door to prosecute President Zardari and all members of his cabinet, was bad enough. But the way he did it was even worse. Much to the dismay of many of the brave lawyers who took to the streets to defend the court's integrity last year, Mr. Chaudhry's anti-NRO opinion also blessed a highly

Reuters

Iftikhar Mohammed Chaudhry

troubling article of Pakistan's Constitution—Article 62. This Article, written in 1985, declared that members of parliament are disqualified from serving if they are not of "good character," if they violate "Islamic injunctions," do not practice "teachings and practices, obligatory duties prescribed by Islam," and if they are not "sagacious, righteous and non-profligate." For non-Muslims, the Article requires that they have "a good moral reputation."

Putting aside the fact that Article 62 was promulgated by Pakistan's then ruling military dictator, General Zia ul-Haq, relying on religion-based standards as "Islamic injunctions" or inherently subjective criteria as "good moral reputation" thrusts the Pakistani Supreme Court into an essentially religious domain, not unlike Iranian Sharia-based courts. This behavior is profoundly ill-suited for any secular court. While Article 62 was not formally repealed, it was discredited and in effect, a dead letter. The fact that the petitioner in the NRO case sought only to challenge the decree based on the nondiscrimination clause of the Pakistani Constitution and did not mention Article 62 makes the court's invocation of it even more repugnant. Meanwhile, the decision's lengthy recitations of religious literature and poetry, rather than reliance on legal precedent, further pulls the judiciary from its proper constitutional moorings.

The second anti-Zardari effort occurred just a few days ago, when the court blocked a slate of the president's judicial appointments. The court's three-Justice panel justified the move by alleging the president failed to "consult" with Mr. Chaudhry. This constitutional excuse has never been used before.

It is well-known in Islamabad that Mr. Zardari's real sin was political, as he dared to appoint people unacceptable to the chief justice. Since consultation is not approval, Mr. Chaudhry's position appears to be legally untenable. Yet Mr. Zardari, faced with demonstrations and media attacks, let Mr. Chaudhry choose a Supreme Court justice.

There is no doubt that the chief justice is more popular these days than the president, who has been weakened by the split in the political coalition which brought down Mr. Musharraf. Former Prime Minister Nawaz Sharif is now a leading opponent of the regime. There is a strong sense among the Pakistani elites that Justice Chaudhry has become Mr. Sharif's key ally.

The fact that Mr. Chaudhry was a victim of an improper effort by former President Musharraf to replace him with a more pliant judge makes his current posture all the more deplorable. His conduct has led some of his erstwhile allies to criticize him and speak of the danger to democracy posted by judicial meddling in politics. The stakes are stark indeed. If Mr. Chaudhry succeeds in ousting Mr. Zardari, Pakistan's fledgling democracy would be undermined and the judiciary's own legitimacy would be irrevocably damaged. Rule by unaccountable judges is no better than rule by the generals.

Messrs. Rivkin and Casey, Washington, D.C.-based attorneys, served in the Department of Justice during the Ronald Reagan and George H.W. Bush administrations.

Toyota's Loss Isn't Quite China's Gain

By Michael Dunne

Like the rest of the global car-making industry, Chinese auto manufacturers are looking for ways to capitalize on Toyota's setback. And they like to talk big—at last month's Detroit Auto Show, BYD Auto reiterated its ambition to be the world's biggest carmaker by 2025. But the reality is that China's carmakers are still at an early stage of development—and their best bet for growth may be to stay at home.

Chinese auto firms' main assets are young, motivated engineers, a hard-working labor force and an ability to manufacture cars at low cost. China's best-selling model last year was the BYD F3, a Toyota Corolla look-a-like that starts at just $10,000 and offers surprising options like backup radar, 8-direction seat adjustment and dual airbags. The Chery QQ, a perennial favorite among car buyers in second- and third-tier cities, starts at just $4,000. When it comes to innovation, the Chinese excel at cobbling together parts already developed by vendors operating inside China, thereby avoiding research and development costs. The BYD F3, for instance, is powered by an engine and transmission purchased from Mitsubishi. The QQ borrows styling cues generously from the Chevrolet Spark. Some foreign-owned parts makers operating in China's auto industry say that Chinese R&D stands for "receive and duplicate."

What Chinese automakers lack is a strong culture of quality and a system that assures a consistently high level of reliability for every product that goes out the door. Many people working in car plants in China today do not have a driver's license and are unfamiliar with the basic operations of a car. One plant manager shared his exasperation at finding cars on the final assembly line with rear view mirrors facing the front of the car. The company founders are also aware of a giant gap between their own individual genius and the capabilities of their first line of management. Talent in the middle is thin, and executive departures are frequent.

Those shortcomings are mostly a result of youth; BYD, for example, has been building cars for less than five years. It was only a few years ago that Chery cars were mocked with a popular rhyme in Mandarin: "Qirui, Qirui, xiuche paidui," or "Chery, Chery, get in line for repairing."

The nature of China's car market also helps explain why Chinese car makers struggle with quality: Seven out of 10 car buyers in China this year will be taking a car home for the very first time. Without prior ownership experience, they tend to tolerate more quality glitches than first-time buyers in America and Europe. Owners of Chinese cars rarely experience major breakdowns like engine failure or a broken axle, but they do face chronic irritations like windows rolling only part of the way up, loose knobs, inadequate heat or excessive wind noise.

Carmakers in the Middle Kingdom have a very long way to go before they are competitive abroad.

A culture of quality is not something that can be bought off the shelf or developed overnight. Despite their grand plans, Chinese carmakers will find it hard to break into the developed world until this shortcoming is well behind them. In the meantime, their best option for overseas expansion is to continue exporting into developing markets where incomes and quality expectations are both modest. In 2009, China's top five export markets were Algeria, Vietnam, Syria, Egypt and Iraq. In these markets, customers will tolerate minor flaws in a basic vehicle that transports them from Point A to Point B—so long as the car is affordable.

Building an export business in developing-country markets, however, can be precarious. China's car exports dropped by a stunning 50% in 2009. The main culprit was fallout from the global financial crisis and new cases of protectionism in the Ukraine and Russia. As a result, look for China's car companies to concentrate most of their resources at home, where car sales by unit exploded by 46% in 2009 compared to 2008 to become the world's largest market by vehicles sold.

An even more compelling reason for staying at home is that China is different from Japan and Korea. Japanese and Korean brands had little or no foreign competition at home, so they naturally felt the need to enter the American market to prove their competitive worth. China, on the other hand, already plays host to all of the world's best automakers.

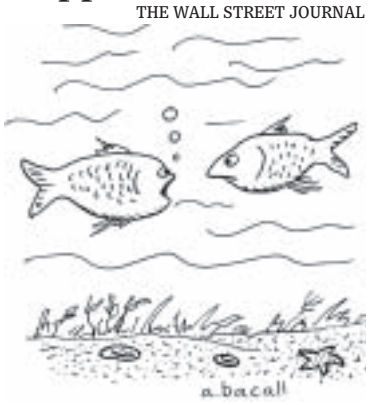
Chinese automakers now control only 30% of the domestic car market. If their brands can steadily raise quality and market share at home, they will have proven themselves capable of competing anywhere in the world. This stay-at-home, practical approach also reduces the probability for the kind of unhappy overseas drama now besetting Toyota in America.

As Chairman Mao Zedong used to say: "Who's strong and who's weak doesn't matter much. What really counts is who's getting stronger and who's getting weaker." In the wake of its massive recall, Toyota inevitably will be seen as a less dominant competitor. Meanwhile, if quality at car firms like BYD and Chery continues to improve, then the Chinese will have moved one step closer toward their ambition of building high-quality cars for the world.

Mr. Dunne is president of Dunne & Company, an investment advisory firm based in Hong Kong.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"I'm sure if I moved to a fresh water environment, my hypertension would abate."

AFGHANISTAN: MARJAH OFFENSIVE

NATO strike kills Afghan civilians

At least 27 die in incident in country's south, complicating Marjah offensive's goal of building coalition support

A coalition airstrike killed at least 27 civilians in southern Afghanistan, officials said Monday, complicating an uphill effort to persuade Afghan citizens that NATO is on their side as allied forces in the town of Marjah battle the Taliban.

*By **Matthew Rosenberg** in Kabul and **Michael M. Phillips** in Marjah, Afghanistan*

Sunday's airstrike took place in a part of southern Afghanistan hundreds of miles from Marjah, where the largest offensive since 2001 is now in its second week. The airstrike illustrated a major problem faced by coalition forces as they try to win the trust and support of civilians in Marjah and throughout Afghanistan: figuring out who is a civilian and who is an insurgent—and not killing the civilians.

The North Atlantic Treaty Organization's Afghanistan task force said its forces believed a convoy of three minibuses was carrying insurgents on their way to attack Afghan and NATO troops. It engaged the minibuses with "airborne weapons," NATO said in a statement, without elaborating.

Troops then went to the scene "and found women and children," the statement said. It took the wounded for treatment at a NATO facility. Afghan and NATO officials ordered an investigation into the incident. Both dispatched teams to the site to investigate, officials said.

NATO didn't say how many people were killed in the strike, which happened near the border between Uruzgan and Daykundi provinces. Khudai Rahim, deputy governor of Uruzgan province, said at least 27 civilians were killed.

Civilian casualties have for years stoked anger among ordinary Afghans and been used by the Taliban as a propaganda tool. President Hamid Karzai has repeatedly criticized NATO for killing civilians; the issue was a major part of a speech he gave Sunday to open the new session of Afghanistan's parliament.

Afghanistan's cabinet, in a statement Monday from the presidential palace, called the airstrike "unjustifiable."

Afghanistan's "council of ministers strongly urges the NATO forces to closely coordinate and exercise maximum care before conducting any military operation so that any possible mistakes that may result in harming civilians ... can be avoided," the statement said.

Reuters

U.S. Marines from the 1st Battalion, 6th Regiment walk through the rubble of a house in Marjah, Afghanistan, on Monday.

Aware of the damage to the war effort caused by the accidental killing of civilians, U.S. Army Gen. Stanley McChrystal, the top NATO commander, ordered the rules of engagement tightened when he arrived this past summer. The number of civilian casualties caused by coalition forces dropped by a third last year. In contrast, the number of people killed by the Taliban and other militants rose by about 40%.

Gen. McChrystal and Mr. Karzai say the number has to come down much further if the coalition and the Afghan government are to prevail over the Taliban and their allies.

"I have made it clear to our forces that we are here to protect the Afghan people, and inadvertently killing or injuring civilians undermines their trust and confidence in our mission. We will redouble our efforts to regain that trust," Gen. McChrystal was quoted as saying in the NATO statement.

The NATO statement said Gen. McChrystal had spoken to Mr. Karzai and expressed his sorrow and regret for the incident.

Coalition and Afghan forces fighting in Marjah have also accidentally killed civilians since the offensive began after midnight on Feb. 13. So far, at least 19 civilians have been killed in the offensive, along with at least 13 coalition troops and one Afghan soldier.

Coalition commanders worry that the civilian deaths will undermine the operation's ultimate goal—restoring the authority of the Afghan government in the southern town and convincing the people there to throw in their lot with the government and the coalition.

It is a high-stakes operation. Kabul's international backers have tens of millions of dollars in aid ready for Marjah, and the Afghan authorities have promised to make the town of 75,000—which has been under Taliban rule for years—a model of good government once the fighting stops. The strategy is expected to be pursued in other places if Marjah is deemed successful.

Right now, a relatively small portion of the town—most of it thinly inhabited compounds and fields of alfalfa, opium poppy and other crops—is under military control. The troops' advance continues to be complicated by Taliban ambushes and the array of homemade bombs hidden by the insurgents.

But U.S. Marines and Afghan soldiers dominate the most densely populated parts of town, including the Koru Chareh bazaar, where they engaged in a three-hour firefight Sunday.

As the shooting tapered off, and a sandstorm kicked up, the Marines spotted six or eight unarmed men leaving the area. The troops say the insurgents frequently drop or stash their weapons when they have finished fighting for the day, knowing the American and Afghan forces won't shoot unarmed people.

"For the next 100 or 200 meters everything is fine," Rahim Khan, a 31-year-old diesel generator mechanic, told Marines patrolling through the Koru Chareh bazaar Monday. "But after that people are still scared, and they won't come out of their houses."

Mr. Khan said the locals are worried that the Taliban will use their homes as firing positions, drawing the Marines' fire in return.

Marines around the commercial district held two meetings with local shopkeepers over the weekend, learning afterward that three Taliban were among the 50 locals who attended.

Nonetheless, some 10 merchants opened their shops and stalls on Monday, although the U.S. and Afghan troops were the bulk of the few shoppers. Much of the produce—tangerines, bananas and apples from Pakistan—had gone bad during the battle.

At the bazaar on Monday, shopkeepers asked passing Marines when they would get compensation for broken locks, crushed display stands and other damage. Mr. Khan sought compensation for his prize Jersey cow, which produced milk daily before troops shot her during a firefight, he said.

"It's going to be a few stressful months trying to satisfy people and convince them we're here to help," said Cpl. Douglas Woltz, a 25-year-old from Hampstead, Md.

Lt. Col. Cal Worth, commander of the 1,500-man 1st Battalion, 6th Marine Regiment, describes the locals he has met as "very pragmatic and stoic," but not yet friendly. "Trust is a long way away," he said.

Meanwhile, a suicide bombing in the eastern city of Jalalabad killed at least 15 people, including a prominent tribal elder, Mohammad Zaman Ghamsharik. Mr. Ghamsharik, also known as Haji Zaman, led the Afghan forces who cornered Osama bin Laden in Tora Bora in 2001 before bin Laden slipped away. Ahmad Zia Abdulzai, a spokesman for the governor of Nangarhar province, confirmed he was among the dead. There was no claim of responsibility for the bombing.

—Habib Zahori in Kabul contributed to this article.

NATO's Rasmussen expects alliance to hold steady

By Peter Spiegel

WASHINGTON—The civilian chief of the North Atlantic Treaty Organization said on Monday that he doesn't believe a Dutch decision to withdraw its nearly 2,000 troops from southern Afghanistan this year will lead other European allies to follow suit.

Anders Fogh Rasmussen, the NATO secretary-general, said that the collapse of the Dutch government on Saturday—which will likely prevent the Netherlands from extending its troop presence beyond this summer—was a unique situation and that the rest of the alliance remained committed to the Afghan mission.

"The political situation in the Netherlands is so particular that it should be seen as an isolated political event that will not have an impact on other allies and partners," Mr. Rasmussen said in an interview. "I have a sense of strong solidarity within the alliance."

The Dutch presence in Afghanistan was both symbolically and strategically important for the NATO alliance. With opposition to the Afghan war growing in Europe, getting governments there to maintain and increase their presence in the country has been a key focus of U.S. officials.

Senior U.S. officials had made extending troop deployments by the Dutch and Canadians, who have vowed to withdraw next year, a central part of their new Afghan strategy.

At the same time, Dutch forces have been deployed in southern Uruzgan province, one of the most violent in the country. Although British and Danish troops have been in the south for years, it has been difficult to find other countries besides the U.S., which is currently flooding the south with thousands of troops, to deploy to the region.

The collapse of the Dutch government comes after both Germany and France agreed to increase their troop presence by far fewer than the U.S. had hoped.

In the interview, Mr. Rasmussen acknowledged he had pressed the Dutch to stay, even if in smaller numbers. He didn't rule out a change in policy in the Netherlands, but said the uncertainty following the collapse made it difficult to predict.

"It's a very complicated political situation, because we don't know yet whether the political situation will lead to new elections," he said. "If so, we know from experience that it takes quite some time to establish a new government in the Netherlands."

Mr. Rasmussen defended the German and French decisions, saying the German commitment of 850 new troops was "significant" and noting that French forces have been fighting alongside U.S. troops in the volatile eastern parts of Afghanistan.

Separately, Mr. Rasmussen said he "strongly" regretted the killing of Afghan civilians Monday in a NATO airstrike in Uruzgan province, and offered his condolences to the families involved.

At the same time, he said Taliban fighters have been responsible for the "huge majority" of civilian deaths in the country and said NATO views its main mission as protecting the Afghan population.

"We have evidence that they use women and children, innocent civilians, as human shields on roofs and windows," he said. "They even disguise themselves as women and hide weapons under the burkas."

EUROPE'S DEBT CRUNCH

Complex deals haunt EU members

By Charles Forelle and Susanne Craig

Imago/Zuma Press

The Rossio Metro Station in Lisbon, in a July 2009 photo. Portugal was forced to redo its accounting in 2002 due to its handling of subsidies for the subway.

Concerns that Greece and other struggling European nations may not be able to repay their debts are focusing investor attention on another big worry: Economies across the Continent have used complex financial transactions—sometimes in secret—to hide the true size of their debts and deficits.

Investors long turned a blind eye to European governments' aggressive bookkeeping, aimed at meeting the euro zone's fiscal ceilings. Countries using the euro currency have a rich history of exotic maneuvers aimed at meeting rules requiring members to cap debt levels at 60% of their gross domestic product and their annual budget deficits to no more than 3%. Despite criticism, European leaders deemed many of these moves acceptable as they sought the long-planned currency union.

To try to meet the targets, which were aimed at building trust in the stability of the euro, governments over the years have sold state assets, bundled expected future payments into securities to hawk and even, in the case of Greece, insisted to the Eurostat statistics authority that large portions of its military spending were "confidential" and thus excluded from deficit calculations. In 2000, Greece reported that it spent €828 million ($1.13 billion) on the military—about a fourth of the €3.17 billion it later said it spent. Greece admitted to underreporting military spending by €8.7 billion between 1997 and 2003.

Portugal classified subsidies to the Lisbon subway and other state enterprises as equity purchases. After learning that, Eurostat made Portugal redo its accounting in 2002. The country revised its 2001 deficit from €2.76 billion, or 2.2% of GDP, to €5.09 billion, or 4.1%—well over the limit.

France arranged a deal with the soon-to-be privatized **France Telecom** in 1997 under which the company paid the government a lump sum of more than €5 billion. In return, France agreed to assume pension liabilities for France Telecom workers. The billions from France Telecom helped narrow France's budget gap to around €40 billion in 1997; it reported a deficit for that year of 3% of GDP—right on the target, and helping it to join the euro.

Even Germany, Europe's largest economy, tried to reappraise gold reserves for a fast fix in 1997, though it backed off after resistance from the country's central bank.

Countries "look for things because it helps their arsenal of techniques used to reduce their budget deficits," says James D. Savage, a University of Virginia professor who is an authority on EU budgeting. "The problem for Eurostat is the flourishing of new financial instruments and techniques. Member states are going to try to take advantage of them."

Adding to the difficulties, EU regulators have few tools for forcing euro-zone countries to adhere to fiscal requirements.

Contagion issues have deeply concerned both policy makers and investors as the Greek debt crunch has unfolded over the past weeks. The cost to insure against a Greek default remains near records. Moreover, bond offerings from Spain, Ireland and Portugal in the past two weeks have succeeded primarily because they paid higher-than-usual yields.

Last week, such worries exacerbated market jitters over Europe's debt woes and could complicate Greece's plan this week to sell more debt, bankers and investors say.

In recent weeks, countries' use of currency swaps has drawn attention. In such transactions, often benign, countries might borrow in a currency not their own, for example, and use a derivative to offset the risk of currency fluctuations. But these instruments can also be used to artificially massage cash flows and liabilities, to meet debt and deficit thresholds.

Investors paid little attention to the often-opaque derivative deals until concern of a Greek default began to rattle markets. The closer scrutiny also comes against the backdrop of exploding budget deficits in many European countries and fears about the stability of the euro. Governments across Europe pumped hundreds of billions of euros into their economies to combat the financial crisis, sending national debt levels soaring.

Euro-zone governments are under no obligation to disclose the precise nature of the derivative agreements they enter into, making it nearly impossible for investors to discern the potential risks associated with them. Eurostat permitted the use of such transactions to adjust debt figures until 2008.

While other maneuvers may have had more impact on debts and deficits, swaps are one tool countries have used regularly over the years to help meet the euro-zone requirements. In some cases, governments undertook numerous such transactions, often without publicly disclosing them, making it difficult for investors to gauge the impact on a country's finances.

Goldman Sachs Group Inc. did 12 swaps for Greece from 1998 to 2001, according to people familiar with the matter. Credit Suisse was also involved with Athens, crafting a currency swap for Greece in the same time frame, according to people familiar with the matter.

Deutsche Bank executed currency swaps on behalf of Portugal between 1998 and 2003, according to spokesman Roland Weichert. Mr. Weichert said Deutsche Bank's business with Portugal included "completely normal currency swaps" and other business activity, which he declined to discuss in detail. The currency swaps on behalf of Portugal were within the "framework of sovereign-debt management," Mr. Weichert said. The trades weren't intended to hide Portugal's national debt position, he said.

The Portuguese finance ministry declined to comment on whether Portugal has used currency swaps such as those used by Greece, but said Portugal only uses financial instruments compliant with EU rules.

European officials said last week that EU regulators didn't know about a particularly controversial "off-market" currency swap structured in 2001 by Goldman Sachs for Greece. Officials say they believe the problem isn't widespread but a number of prominent European politicians, including German Chancellor Angela Merkel, have called on authorities to have a closer look at the transactions and whether banks helped governments distort their books.

A 2008 Eurostat report, however, says questions about how to account for off-market swaps like the one used in Greece were raised as early as 2007. The report said it provided detailed guidance about how to handle some forms of them. Eurostat didn't respond to a request for comment.

Eurostat tried for years to change the rules on use of swaps. European finance ministries in 2000 overruled Eurostat, arguing that they needed as much flexibility as possible to manage debt loads.

It wasn't until 2008—a decade after the deals became popular—that Eurostat was able to revise its rules to push countries to include swaps in their debt and deficit calculations. Still, critics say that too little is known about countries' continued exposure to the deals that are already out there.

Goldman's 12 currency-swap agreements for Greece, in addition to allowing the country to lock in an exchange rate, had another advantage: The fixed rates meant under European accounting rules that Greece could record its foreign-currency debt at the rates in the swap contract—no matter how rates fluctuated later. That could protect it from seeing its recorded debt levels spike in the future.

But though the swaps prettied up the accounting, they didn't affect the underlying economics: A drop in the euro would leave Greece with a losing swap position. In 2000 and 2001, that happened, according to people familiar with the situation.

In 2001, Goldman and Greece came up with a now-controversial solution: a new off-market swap. It agreed in the future to convert yen and dollars into euros at an artificially favorable rate.

Greece could use that rate when it recorded its debt in the European accounts—pushing down the country's reported debt load by more than €2 billion, according to people familiar with the matter.

In exchange for the good deal on rates, Greece had to pay Goldman. The amount wasn't revealed. A payment would count against Greece's deficit, so Goldman and Greece came up with another twist. Goldman effectively lent Greece the money for the payment, and Greece repaid that loan over time. But the two sides structured the loan as another kind of swap. Treated as a swap, the deal didn't add to Greece's debt under EU rules. All told, the marginal benefits were small. Greece's total debt as a percentage of GDP fell from 105.3% to 103.7%, and its 2001 deficit was reduced by a tenth of a percentage point in GDP terms, according to people close to Goldman.

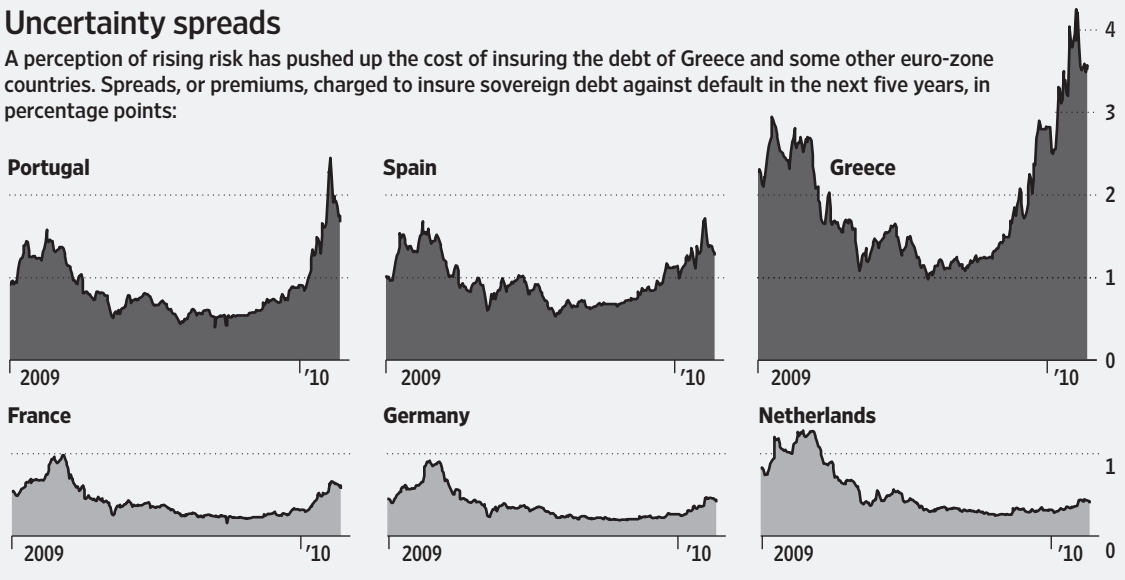
Gikas Hardevoulis, a former advisor to the then-prime minister of Greece, said the trade should not have been done. "It was done to dress up the debt figures by some smart idiot in the finance ministry" he said.

Greece's remaining exposure to the complicated arrangement remains unclear.

—David Crawford, Robin Sidel, Jonathan House and Deborah Ball contributed to this article.

Uncertainty spreads

A perception of rising risk has pushed up the cost of insuring the debt of Greece and some other euro-zone countries. Spreads, or premiums, charged to insure sovereign debt against default in the next five years, in percentage points:



Source: Markit

FROM PAGE ONE

India oil bids for global assets

Continued from first page

their dependence on imported oil. India imports 70% of its oil, with a price tag of more than $90 billion annually. The companies are also looking to expand their global footprint with refineries and other assets in far-away markets. And they want relief from the regulatory headaches of their home turf, where government meddling in exploration and pricing of natural resources has slowed their expansion.

"There's too much political and regulatory baggage at home, and in the current environment, corporate India sees a lot of bargains overseas," said Cyril Shroff, managing partner of Amarchand Mangaldas, a top Indian law firm that advises companies on mergers and acquisitions.

India is likely to face competition as it shops for oil and gas, especially from Chinese firms. Last summer, **Sinopec Group**, a large Chinese oil company, paid $7.2 billion for **Addax Petroleum**, a Geneva-based company that has oil and gas assets in the Middle East and Africa.

"We see the international players being more often the buyers of these types of assets now, and there's no reason to think that won't continue," said Jon McCarter, oil-and-gas transactions leader for the Americas at Ernst & Young.

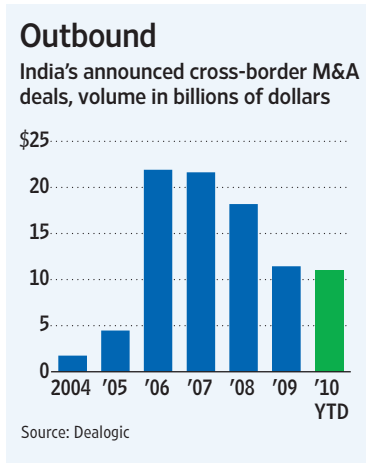
A deal with Lyondell would significantly advance the ambitions of Mr. Ambani to build a global energy conglomerate. It would create a behemoth with $80 billion in combined revenues and interests in oil-and-gas exploration, refining and petrochemicals used in everything from food packaging to textiles.

Reliance, India's largest private company by market value, already operates the largest oil refining complex in the world, a site in the western state of Gujarat that can process 1.24 million barrels of crude per day. The facility is designed to handle the kind of ultra-heavy crude that could be extracted from Value Creation's oil sands.

Value Creation Chief Executive Columba Yeung said there are more than two potential parties interested in his company, but declined to name them or comment on the progress of negotiations.

Financing big deals won't be easy for Indian companies. Reliance has raised $2 billion for its acquisition war chest in recent months through the sale of its own stock. The company has twice increased its offer since an initial bid last November that valued Lyondell at around $12 billion. But it could still face an uphill battle, as Lyondell creditors are already engaged in a separate bankruptcy restructuring plan that values the firm as high as $15.5 billion.

Cross-border acquisitions by Indian companies fell 37% last year to $11.4 billion, according to Dealogic. But activity is picking up as Indian companies rev up for big-ticket deals in sectors such as energy, telecommunications and media. The country's largest cellphone company, **Bharti Airtel** Ltd., offered $10.7 billion last week for most of the Africa assets of Kuwaiti operator **Mobile Telecommunications** Co., known as Zain.



Essar Group, a conglomerate with $15 billion in revenue and interests in steel, oil and telecom, controls oil exploration blocks in places including Nigeria, Madagascar, Myanmar and Vietnam. Now the company has emerged as an eager buyer for European and U.S. oil companies that are struggling with extra refinery capacity due to slumping demand for fuels. Essar owns a 280,000-barrel refinery near Reliance's in Gujarat, and hopes acquisitions will help it expand to one million barrels per day.

Following on its international acquisitions in steel and outsourcing in recent years, Essar is in talks with Shell to pay as much as $1 billion for three oil refineries in the U.K. and Germany, people close to the situation said. Last year, the company bought out the 50% stake that Shell, **BP** PLC and **Chevron** Corp. owned in a major refinery in Kenya.

An Essar spokesman confirmed the company is in negotiations with Shell but declined to comment on the timeframe for the talks or potential deal value.

The strategy of buying up refineries now comes with risks. Refining margins of U.S. and European oil majors have slipped to a few dollars per barrel from as high as $10 a few years ago, and there is no guarantee they will bounce back to peak levels. But analysts said Essar and other Indian companies are hoping to scoop up bargains wherever they can.

—Mike Spector, Rakesh Sharma and Edward Welsch contributed to this article.

KKR, TPG near a deal to buy stake in CICC

Continued from first page

from $439 million in revenue, according to a confidential document sent to bidders. That compares with an $87 million after-tax profit in 2008 from $588 million in revenue.

CICC faces competition from foreign investment banks that are expanding their operations onshore. **Goldman Sachs Group** Inc. and **UBS** AG, among others, operate securities joint-ventures based in Beijing that allow them to underwrite domestic initial public offerings. However, CICC is allowed to engage in a broader range of businesses and benefits from its perceived role as a national champion.

One challenge facing KKR and TPG surrounds plans to take CICC public. As part of that IPO plan, they will need to work with CICC Chairman Li Jiange and Mr. Zhu on how to convert "phantom shares" issued by CICC's board as an incentive scheme for CICC staff into ordinary shares. Such a conversion would dilute the voting stake being purchased from Morgan Stanley from 34.3% to 27.4%. The "phantom share" plan already gives CICC staff 20% of the profits attributable to shareholders, reducing the economic value of Morgan Stanley's stake.

Competition for the CICC stake was fierce. A previous attempt to sell the CICC stake faltered in early 2008 after bids came in below Morgan Stanley's expectations. As the financial crisis ebbed, Morgan Stanley restarted the sale plans last year. **Carlyle Group LP**, **Bain Capital** LLC, **General Atlantic** LLC, and Taiwan's **Fubon Financial Holding** Co. were among the firms that made it through an initial screening of bidders late last year.

The agreement hasn't been signed and requires government approval, so the terms are still subject to change.

Morgan Stanley Chairman John Mack took a strong personal interest in driving the sale process, according to a person familiar with the situation, calling on potential buyers throughout the process and working with China lieutenant Wei Christianson to manage relationships with Chinese officials. Mr. Mack kept the deal team close to him. He assigned Charles Smith, a New York-based member of the firm's in-house strategic transactions team to execute the sale, according to the confidential sales document.

China Investment Corp., the country's $300 billion sovereign-wealth fund, owns the biggest chunk of CICC, and also owns nearly 10% of Morgan Stanley after investing a total of $6.8 billion in the Wall Street firm in 2007 and 2009.

A blessing from Chinese Vice Premier Wang Qishan, who oversees the financial-sector portfolio in the country's cabinet, could be crucial for the deal to pass. An architect of CICC, Mr. Wang was the head of Morgan Stanley's joint-venture partner **China Construction Bank** Corp. and got personally involved in many of the investment bank's early deals.

—Peter Lattman in New York contributed to this article.

Skater copes with Korea's high hopes

Continued from first page

nearly every story about Ms. Kim in the South Korean media touched on her prospects to win in a sport that, until she came along, the country showed no interest.

In a typical story, South Korea's domestic news agency, Yonhap, wrote on Sunday that Ms. Kim is "gearing up to become the first South Korean to win a gold medal in figure skating."

"There is a big burden on her," says Song Doo-heun, a college professor who writes a blog about figure skating.

Her parents, coaches, managers and Ms. Kim herself recognized the situation long ago and fashioned a strategy to handle it.

One key tactic has been to keep her in Canada, where she has trained since 2006, rather than in South Korea where she has been besieged with requests for appearances and needs bodyguards to walk around.

Her coaches refused to let her come to South Korea for a competition in January, even when international skating officials pressured her to attend.

But another tactic is more surprising: holding a mirror up to the pressure.

After Ms. Kim's entourage arrived in Vancouver on Saturday, her father, Kim Hyun-seok, told Chosun Ilbo, South Korea's largest newspaper, "The whole country thinks she is going to win, so the pressure is weighing down on her."

Ms. Kim confronted the issue in a book of short essays that was published in South Korea last month. "If my performance falters, not only people around me but the whole nation might turn their back on me," she wrote. "I resent the situation where people believe I should always do well and that they take it so seriously when I don't."

Nike

South Korea's Kim Yu-na, in an image from a Nike ad that portrays the pressure she's under to deliver a gold medal.

Ms. Kim described finishing second in a skating event held in South Korea in 2008. "I got a flurry of text messages, but I felt sad and disappointed after checking them," she wrote. "Not a single message congratulated me."

One of her sponsors, **Nike** Inc., built an advertising campaign depicting the pressure. In the centerpiece ad, Ms. Kim practices on a rink covered in Korean-lettered questions and statements that reflect her anxieties: "Can I make another world record?" "Everyone is watching you." "Now, no one is surprised by 200-point scores." As she practices, falling in one instance and hitting her marks in others, Ms. Kim's skates wipe away the words.

South Korea's fierce tendency to nationalize private success or failure is a remnant of the country's rapid economic development from the 1960s to 1980s.

Leaders in those years preached that people should work for the country's benefit rather than individual gain and lionized those who did.

Even so, some of Ms. Kim's fans say they're drawn to her as a symbol of individual, rather than national, achievement.

South Korea, with government-sponsored sports schools, has made an industry of turning out successful athletes in other Olympic sports, such as speed skating and archery. But until Ms. Kim started getting sponsors in 2007, her parents paid for her training.

Lee Hyun-jung, a 23-year-old recent college graduate in Seoul, says the years that Ms. Kim worked out of the spotlight inspired her to work odd jobs to fund a trip to watch Ms. Kim in Vancouver. "If she doesn't win, I don't care," Ms. Lee says. "She is a very good artist and athlete and I want to see her."

—Jaeyeon Woo contributed to this article.

WSJ.com

Online today: Watch the Nike ad and see more photos of Kim Yu-na at **asia.WSJ.com**

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BUSINESS & FINANCE.

Tuesday, February 23, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Banking on a rebound for M&A

[Asia Deal Journal]

By Nisha Gopalan

Before the Lunar New Year, many investment banks were counting on the resurgent IPO market and new share offerings to boost profits. The performance of recent initial public offerings so far in this Year of the Tiger has many bankers rethinking that forecast.

UC Rusal, the aluminium producer controlled by Russian oligarch Oleg Deripaska, raised US$2.3 billion only to have its shares fall 26% since the Jan. 26 listing. Last year's biggest offering, the US$7.34 billion listing of **China State Construction Engineering**, is up just 2.4% since its float. A major test came Monday with the approval of **Dai-ichi Mutual Life Insurance**'s $11.8 billion IPO in Japan.

Many bankers are now returning to a market that in Asia had seemed to have run its course: mergers and acquisitions.

Asian-Pacific companies made US$82.9 billion in acquisitions outside their countries last year, the lowest since 2005, when outbound M&A was US$55.2 billion. That compared with US$127.4 billion in 2008, Dealogic data show.

This year, outbound M&A levels are have jumped to US$20.6 billion from the US$2.5 billion of a year earlier. While the comparison is against a time when the financial crisis made deals uncertain, the jump has bankers returning to some familiar precrisis deal themes:

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Agence France-Presse

Rusal CEO Oleg Deripaska

Dai-ichi jumps into IPO

An $11.8 billion offer would be Japan's second biggest and test market's confidence

By Hiroyuki Kachi And Kazuhiro Shimamura

TOKYO—Dai-ichi Mutual Life Insurance Co. will seek $11.8 billion in what would be the world's largest initial public offering in nearly two years, in a move that will test renewed investor confidence in Japan's equity markets.

Dai-ichi, Japan's second-largest life insurer by premium revenue, released details of its planned IPO after receiving clearance from the Tokyo Stock Exchange for an April 1 offering. At 1.08 trillion yen, it would be the second-largest IPO in Japan since NTT DoCoMo Inc.'s 2.1 trillion yen offering in 1998.

It could also potentially be the world's biggest IPO since credit-card company Visa's $19.7 billion issue in March 2008, according to data provider Dealogic.

Dai-ichi had previously said it would apply for an IPO, but the details released Monday show the company intends to move ahead, offering an endorsement to the market. Japan's benchmark Nikkei Stock Average of 225 companies is down 1.4% this year but is still up about 36% over the past 52 weeks.

Dai-ichi's offering will jolt Japan's long sleepy IPO market into life. As the global financial crisis roiled Japanese equities over the past 18 months, few dared to take a chance on initial offerings.

But with stability gradually returning, many major listed blue chips have already raised the equivalent of billions of dollars in secondary public offerings, including major financial firms such as Sumitomo Mitsui Financial Group Inc. and Mizuho Financial Group Inc.

It remains to be seen whether Tokyo investors have the appetite for such big IPOs.

"To buy Dai-ichi shares upon listing, investors would probably have to sell other stocks," as the market's demand for equities isn't strong enough to accommodate the increase in overall share volume, said Daiwa Securities Capital Markets deputy general manager Yumi Nishimura.

"Given the size of the IPO, that could create fairly significant selling pressure for the rest of the market," she said.

Dai-ichi will be the first major life insurer to go public when most of its peers are still mutually held, meaning they are owned by policyholders. All of Japan's other large life insurers—No. 1 Nippon Life Insurance Co., No. 3 Sumitomo Life Insurance Co. and No. 4 Meiji Yasuda Life Insurance Co.—are mutual organizations, with some holding the view that demutualization wouldn't yield significant benefits given the possibly hefty costs.

Faced with an aging population that is thinning the domestic customer base, Dai-ichi Mutual could gain flexibility in pursuing mergers and acquisitions though share swaps and other management moves.

The move would also broaden Dai-ichi's fund-raising options and allow it to shift to a holding-company structure that is more suitable for managing diverse operations.

Dai-ichi Mutual Life, which will be renamed Dai-ichi Life Insurance Co., has tentatively set the indicative price for the IPO at 150,000 yen per share. The number of shares to be issued would total 10 million, for market capitalization of 1.50 trillion yen—still lower than Japan's top non-life insurer, Tokio Marine Holdings Inc.'s 2.02 trillion yen as of Monday.

Under the IPO, 7.106 million shares will be offered to the public. An additional 100,000 shares are expected to be offered under an overallotment arrangement in case of exceptional demand.

Dai-ichi is mutually held by its 8.21 million policyholders. As part of its demutualization, it will allocate stocks or cash to policyholders depending on the type of contracts.

The insurer will sell a predetermined amount of shares to corporations that will become stable shareholders, a practice allowed for demutualizing companies. Mizuho arm Mizuho Corporate Bank will become the top shareholder at the time of the listing with a 4.5% stake, followed by **Sompo Japan Insurance** Inc. with 4%.

Of the 7.016 million shares offered to the public, the company will sell 4.609 million shares in Japan and 2.497 million shares overseas.

Nomura Securities, Mizuho Securities and Merrill Lynch Japan are the lead underwriters in Japan. The joint lead managers overseas will be Merrill Lynch International, Nomura International, Mizuho International and Goldman Sachs International.

—Ayai Tomisawa and Juro Osawa contributed to this article.

■ Heard on the Street: Banks are suffering a bout of amnesia 31

Big players

Five largest global IPOs since January 2008

Priced	Issuer	Issuer nation	Deal value, in billions
March 18, 2008	Visa	United States	$19.7
Pending	**Dai-Ichi Life Insurance**	**Japan**	**11.6**
Oct. 7, 2009	Banco Santander Brasil	Brazil	7.5
July 24, 2009	China State Construction Engineering	China	7.3
March 6, 2008	China Railway Construction	China	5.7

10 largest Japan IPOs on record

Priced	Issuer	Deal value, in billions
Oct. 12, 1998	NTT Mobile Communications Network	$18.4
Pending	**Dai-Ichi Life Insurance**	**11.6**
Sept. 27, 2004	Electric Power Development	3.4
Oct.1, 2007	Sony Financial Holdings	3.0
Nov. 6, 2006	Aozora Bank	3.0
July 14, 2000	Lawson	2.4
Feb. 9, 2004	Shinsei Bank	2.4
Aug. 25, 1994	Japan Telecom	1.6
Nov. 8, 2004	INPEX	1.5
Oct. 11, 2000	SKY Perfect Communications	1.4

Source: Dealogic

Japanese await Toyoda's U.S. testimony

By Yuka Hayashi

TOKYO—Many in Japan are nervously anticipating Akio Toyoda's testimony before U.S. Congress on Wednesday, as the head of **Toyota Motor** Corp., the crown jewel of the nation's manufacturing industry, faces pointed questions from lawmakers over the company's safety issues.

The scrutiny of Toyota in the U.S., culminating in the congressional testimony by Mr. Toyoda on Wednesday, has drawn intense but mixed reactions in Japan in recent weeks.

Top government officials rushed to reaffirm the soundness of U.S.-Japan relations while major newspapers and magazines seized on the opportunity and offered their analyses on why Washington, D.C., was "bashing" Toyota. Still, some media outlets said the giant auto maker's hardship was well deserved, noting that its success in recent years made it complacent.

"These will be words from the top executive of the company that represents Japan to U.S. Congress," the Nihon Keizai Shimbun economic daily said in a news analysis Sunday. "They will carry a message from Japan Corp. and Japan's manufacturing sector to the rest of the world, not just from Toyota."

The House Oversight and Government Reform Committee's first hearing, scheduled for Wednesday, is set to include testimony from Mr. Toyoda and U.S. Transportation Secretary Ray LaHood. Mr. Toyoda, a grandson of the company's founder, told reporters Friday he would testify "with sincerity and conscience," before departing for Washington.

Despite inflammatory headlines in some publications, there are few signs for now that indicate the Toyota issue will become a serious bilateral problem similar to bitter trade disputes that colored Tokyo's relationship with Washington during the late 1980s and 1990s. Experts say that is because few are concerned that the current problem at Toyota will affect business of other Japanese companies in the U.S. or other big overseas markets.

In addition, Japan's reliance on trade with the U.S., albeit still huge, has declined in relative terms as a result of the rise of China and other Asian nations. Of Japan's $595 billion in total exports last year, China represented 19%, while the U.S. accounted for 16%. A decade ago, 30% of Japan's exports were bound for the U.S.

"It will not be in the interest of either of our nations if a problem like this strains the bilateral ties between the U.S. and Japan," transport minister Seiji Maehara said earlier this month after meeting

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■ Toyota receives subpoenas from U.S. grand jury, SEC 21

Kerry Stokes's building plan

Australian billionaire to combine Seven Network with heavy-equipment provider WesTrac

By Lyndal McFarland

MELBOURNE—Australian billionaire Kerry Stokes unveiled plans to consolidate his media and investment company **Seven Network** Ltd. with heavy-equipment provider **WesTrac** Pty. Ltd., tightening control of his media operations and possibly giving the merged entity more deal-making firepower.

But investors reacted cautiously to a deal that would combine seemingly unrelated businesses and could offer few synergies together. Seven's shares fell 5.2% Monday.

Mr. Stokes, through his private investment unit **Australian Capital Equity**, will end up with a 68% stake in the merged company, which will be renamed Seven Group Holdings Ltd. Mr. Stokes currently has a 48% interest in Seven Network.

The deal gives closely held WesTrac an equity value of roughly one billion Australian dollars, or about US$900 million, and includes the assumption of another A$1 billion in debt. WesTrac runs tractor and heavy-equipment dealerships that offer products from **Caterpillar** Inc. of the U.S.

Mr. Stokes hopes WesTrac's exposure to Australia's strong mining sector will enhance the combined company's cash flow, possibly giving it greater ability to strike deals and putting all his major assets under one management umbrella. Shareholders will vote on the proposal, which is structured as a scheme of arrangement, in mid-April.

The proposal comes after Seven Network, which had cash of A$1.04 billion at the end of December, failed to find value-enhancing opportunities in the Australian media and telecommunications sector, three years after raising cash by agreeing to sell a half stake in its media operations to private equity group Kohlberg Kravis Roberts & Co.

Still, executives said they would continue to watch for acquisitions, including in the media sector, and Mr. Stokes indicated the group may look to boost its stake in billionaire James Packer's **Consolidated Media Holdings** Ltd. after a year-long standstill agreement expires, depending on price. Seven Network has a 22% stake in Consolidated Media. The company couldn't be reached late Monday for comment.

Under the terms of the deal, Seven Network shareholders will receive one share in the new Seven Group Holdings for each share currently held. Mr.Stokes' ACE will get 115 million shares in the new Seven Group Holdings, which implies A$8.70 per Seven Network share, an 18% premium to Seven Network's closing price Friday.

Seven Network's media platforms—including stakes in the Seven television network, **West Australian Newspapers Holdings** Ltd. and Consolidated Media—will be combined with WesTrac's dealership chains in Western Australia, New South Wales, the Australian Capital Territory and in northeast China.

Managers from the two companies conceded there were limited synergies from the merger. They also told investors that WesTrac didn't have fixed-term contracts with Caterpillar to sell equipment through its dealerships but said that its relationship with the group was solid.

WesTrac is one of only four authorized Caterpiller dealers in China, covering eight provinces in some of China's most mineral-rich regions.

Paul Xiradis, head of equities at Sydney-based funds management group Ausbil Dexia, said it is too soon to form a view on whether it is a good deal for shareholders. "Both businesses are cyclical, so the earnings stream can alter depending on the strength or otherwise of varying driving factors. Media is more exposed to the domestic economy while mining is more an international exposure," Mr. Xiradis said.

Peter Gammell, a current director of Seven Network and managing director of Stokes' ACE, will become chief executive.

Executives projected that Seven Group Holdings would record a net profit of A$187 million in the year to June 30, 2011, off revenue of A$2.8 billion.

■ Heard on the Street: Seven investors should be wary. 31

Joining forces

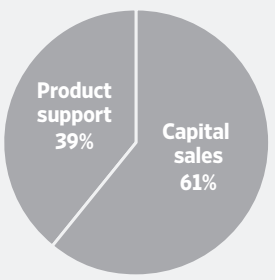
Most of Seven Group Holding's revenue will be generated by Kerry Stokes's heavy-machinery management company, WesTrac. Revenue estimates for 2011:

Seven Network

A$96 million

WesTrac Group

A$2.7 billion



Note: Fiscal year ends June 30
Source: Seven Network

EMI considers an Abbey Road partnership

By Paul Sonne

LONDON—**EMI Group** PLC said Sunday that it is exploring the possibility of joining with a third party to retain and revitalize Abbey Road Studios, its first public statement about the matter since news of the famed recording facility's potential sale surfaced last week.

The company, whose businesses include recorded music as well as music publishing, confirmed that it is holding preliminary discussions with third parties about injecting investment into the site, with a view toward maintaining the venue as a recording facility and allowing some access by the public.

EMI's statement didn't rule out selling Abbey Road, although the company said it rejected an offer by a third party last year to buy the studio for more than £30 million, or roughly $45 million, because it wants to keep the studio under its ownership.

The studio, famous as the workplace of the Beatles has been losing money for EMI, which has struggled since it was acquired in a 2007 leveraged buyout by private-equity firm **Terra Firma Capital Partners** Ltd.

Though Beatles fans regularly make pilgrimages to the facility, in northwest London, Abbey Road doesn't run regular tours or operate a museum, missing out on potential streams of revenue from tourists.

EMI said Sunday it has been holding discussions with a number of potential investors and partners since November.

"At all times these plans have focused on providing access to artists and, where possible, members of the public," the company said.

The music company's statement came on the heels of moves by U.K. preservation organizations to safeguard Abbey Road's future.

EMI said it welcomed the move to list Abbey Road as a heritage site.

The National Trust, a U.K. conservation charity, said last week it would consider acquiring Abbey Road to ensure the studio's future, should EMI want to sell it.

SEC-BofA settlement finally wins judge's approval

By Chad Bray

NEW YORK—A federal judge reluctantly approved a $150 million settlement between **Bank of America** Corp. and the Securities and Exchange Commission over the bank's disclosures before its acquisition of Merrill Lynch & Co. last year.

In an order Monday, U.S. District Judge Jed S. Rakoff in Manhattan approved the pact but called the revised settlement "far from ideal." The judge rejected a $33 million settlement in September.

The agreement resolves two separate lawsuits by the SEC over the Charlotte, N.C., bank's disclosures before the $50 billion merger closed on Jan. 1, 2009.

In his order, the judge instructed the parties to include a provision in the revised settlement that the $150 million be distributed to shareholders harmed by the alleged nondisclosures—namely legacy Bank of America shareholders—and not to Merrill Lynch shareholders who now own Bank of America stock or bank officers or directors who had access to the information.

The judge also asked the parties to include several minor revisions to the pact that the parties had previously agreed to, including giving the SEC a say in the hiring of an independent auditor to assess whether the bank's accounting controls and procedures are adequate.

The revised pact must be given to the judge by Thursday.

"We're very pleased that the settlement has been approved," said Robert Stickler, a Bank of America spokesman.

The SEC had alleged Bank of America violated federal proxy laws by failing to disclose "extraordinary financial losses" at Merrill Lynch prior to a shareholder vote on Dec. 5, 2008. Merrill Lynch reported losses of $27.6 billion for 2008.

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China Unicom clarifies Nitel role

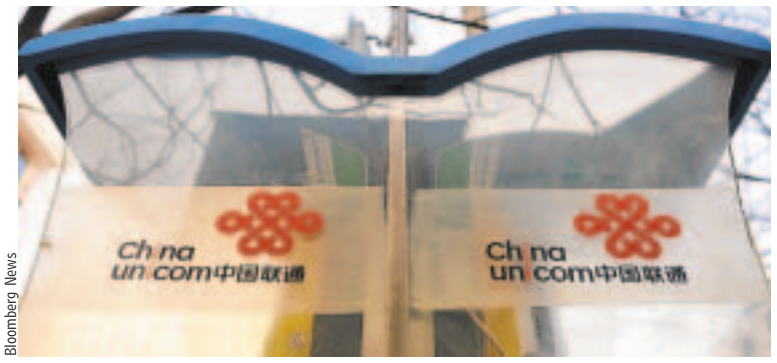
Company says U.K. unit is in contact with a consortium seeking a stake in Nigerian telecommunications concern

By Lorraine Luk

HONG KONG—**China Unicom (Hong Kong)** Ltd. said Monday its U.K. unit is in contact with a consortium bidding for a stake in **Nigerian Telecommunications** Ltd. after nearly a week of confusion over the Chinese telecom's participation.

China Unicom, which provides mobile, fixed-line and broadband services in China, said wholly owned China Unicom (Europe) Operations Ltd. has indicated interest in providing technical and managerial support to some potential bidders for a stake in Nitel, and would be interested in exploring the possibility of equity investment, subject to certain conditions being fulfilled.

"As at the date of this announcement, Unicom Europe has not commenced any negotiations with the relevant parties with respect to any substantive and legally binding agreements," China Unicom (Hong Kong) said in a statement.



Bloomberg News

China Unicom's unit has indicated interest in providing support to some bidders.

The statement comes after Nigeria's Bureau of Public Enterprises said last Tuesday that China Unicom was part of a consortium bidding for a stake in Nitel. Chigbo Anichebe, head of public communications at the Nigerian agency, had said in a statement Tuesday that an offer by the New Generations Consortium was the highest bid submitted by five companies that participated for a stake in Nitel and its subsidiary, M-TEL.

The agency said China Unicom was part of the New Generations Consortium.

But China Unicom spokeswoman Sophia Tso said Thursday the telecom operator isn't part of a consortium bidding for a stake in Nitel.

China Unicom also said Monday it and its parent company aren't in any direct discussions or negotiations with any parties involved in the proposed privatization of Nitel.

The Nigerian government has said it is looking to sell a 75% stake in Nitel. The New Generation Consortium has bid US$2.5 billion, but analysts said the price is too high and consider Nitel to be worth around $400 million to $500 million.

Some analysts expressed surprise at the statements of China Unicom's involvement, saying the company is unlikely to expand overseas as it is being tied up by intensifying competition in its home market, and is expected to focus its resources on its newly launched third-generation mobile operations.

STX drops bid to buy stake in Daewoo unit

By Kyong-Ae Choi

SEOUL—**STX Group** said Monday it had withdrawn its intention to buy a stake in **Daewoo Engineering & Construction** Co., prompting investors that were worried about the financial burden of such an acquisition to buy shares in the shipping company.

STX Group last week said it was interested in joining a private equity fund led by **Korea Development Bank** in buying a stake in Daewoo Engineering. The KDB fund offered to buy a 50% stake plus one share in Daewoo Engineering for 2.9 trillion South Korean won, or about $2.6 billion, from 18 financial-institution investors in December.

KDB is the main creditor of Daewoo Engineering's parent, the cash-strapped **Kumho Asiana Group**, which is being forced by its creditors to sell shares in its assets.

"We have decided not to join an upcoming bid for the stake to focus on existing businesses such as shipbuilding, shipping and energy amid market worries of the group's fund-raising ability," a STX group spokesman said. A KDB official said the state-run bank is now approaching two to three strategic investors to join KDB private equity fund's bid.

TR America consortium, a U.S. private equity fund mainly made up of construction firms, recently revised an earlier offer for a stake in Daewoo Engineering to 20,000 won a share, Kumho Asiana said in a statement last week. Last year, TR America was shortlisted to buy a stake in Daewoo Engineering, but the investors in Kumho Asiana opted to go for a KDB fund instead as a buyer, because of worries that the consortium wouldn't be able to finance the purchase.

Now, TR America has to submit a detailed acquisition plan that includes the terms and price by Monday of this week as well as pay 5% of the purchase price by the end of February to Nomura Securities, which is managing the stake sale, Kumho Asiana group said. It has yet to submit the terms and price, a Kumho spokesman said during the day. "TR America's bid won't be part of the KDB fund bid for Daewoo Engineering," the spokesman said.

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CORPORATE NEWS

Reuters

Schlumberger CEO Andrew Gould at a conference in September.

Schlumberger in deal to buy Smith

Purchase would create big oil-field company

BY BEN CASSELMAN AND JEFFREY MCCRACKEN

Schlumberger Ltd. plans to acquire **Smith International** Inc. for about $11 billion in an all-stock deal that would be the largest acquisition in the U.S. so far this year and make Schlumberger the world's biggest oil-field-services company.

The deal, which the companies announced Sunday, is expected to cement Schlumberger's position atop the oil-services industry, which helps oil producers locate and drill for oil deposits. After the deal, Schlumberger would have revenue double that of its nearest rival, **Halliburton** Co., although most analysts expect Schlumberger to sell some assets for antitrust or other reasons. Schlumberger is already the sector's biggest company by revenue and market value.

Under the terms of the deal, Smith shareholders would receive 0.6966 Schlumberger share for each Smith share they own—a 37.5% premium over Smith's share price on Thursday, when news of the deal was first reported. Schlumberger also would assume Smith's $1.2 billion debt load. The deal, which is still subject to shareholder approval, is expected to close in the second half of this year. Smith shareholders would own about 12.8% of the combined company.

The $11 billion price tag, which values Smith at $44.51 a share based on Friday's close, was higher than most analysts expected. Dan Pickering, an analyst for energy-focused investment bank Tudor Pickering Holt & Co., said some Schlumberger shareholders might have preferred a cash-and-stock deal to an all-stock deal.

But he said the deal makes sense for Schlumberger, which will now be able to package Smith's products with its own services to win more business.

"The deal makes sense operationally," Mr. Pickering said. "It's a bit more than I would have expected from a price perspective."

Goldman Sachs & Co. advised Schlumberger on the deal. **UBS Investment Bank** advised Smith.

A Schlumberger-Smith pairing has long been the subject of rumors in the industry. The companies already work together closely through a jointly owned drilling-fluids business, and Smith's top two executives—Chief Executive John Yearwood and Chief Financial Officer William Restrepo—are former Schlumberger executives. The two sides came close to finalizing a deal at different times last year, only to have it fall apart over price considerations, said people familiar with the matter.

Acquiring Smith would make Schlumberger, which maintains headquarters in Houston, Paris and The Hague, a major competitor in one of the few areas of the industry where it didn't already have a significant presence: manufacturing drilling bits. The deal also gives Schlumberger complete ownership over M-I Swaco, the drilling-fluids business that the companies have owned jointly since 1999.

"Smith's drilling technologies, other products and expertise complement our own, while the geographical footprint of Schlumberger means we can extend our joint offerings worldwide," Schlumberger Chairman and CEO Andrew Gould said in a statement Sunday. Mr. Gould said the merger would result in savings of about $160 million in 2011 and $320 million in 2012. The company declined to comment further.

The Schlumberger-Smith deal is the latest in a series of mergers in the sector as oil-services companies seek scale. In May, **Weatherford International** Ltd. agreed to pay close to $500 million for the oil-services business of the Russian oil company **TNK-BP**.

In August, **Baker Hughes** Inc. agreed to buy smaller rival BJ Services Inc. for about $5.5 billion; that deal is expected to close later this year.

Financial size and a wide breadth of services have become increasingly important for oil-services companies. As more and more of the world's oil is produced outside the U.S., The industry's customers are increasingly state-run oil companies, which often prefer to work with companies that can offer a full range of products and services.

Big companies such as Schlumberger are also taking advantage of weakness in their smaller rivals. The entire industry has struggled recently as global demand for energy has fallen, leading to less drilling for oil and gas. But Schlumberger's size and geographic diversity have helped the company weather the economic storm better than many competitors. The company had $4.6 billion in cash and short-term investments as of Dec. 31, prompting speculation that Schlumberger could snap up weaker rivals.

Smith's profit fell 81% in 2009 from 2008.

Toyota receives subpoenas

Company says U.S. grand jury, SEC seek documents as hearings are set to get under way

By Kate Linebaugh And Dionne Searcey

WASHINGTON—**Toyota Motor** Corp. said Monday it has received subpoenas from a U.S. federal grand jury and the Securities and Exchange Commission, both requesting documents related to unintended acceleration of its vehicles and the braking system of its Prius hybrid.

The company's disclosure comes one day ahead of the start of congressional hearings into its handling of safety problems responsible for the recall of more than six million vehicles.

Toyota said it intends to cooperate with the investigations and is preparing its responses to the requests.

A person familiar with the matter said the securities-fraud unit of the U.S. attorney's office is handling the investigation but declined to say anything further.

The securities-fraud unit brings cases involving violations by public companies, including improper disclosures or misleading statements made to investors, among other things.

The U.S. attorney's office sometimes issues subpoenas in order to be the primary criminal investigator on high-profile cases should any evidence emerge.

Associated Press

Toyota Corollas and Camrys, shown above, have been part of the safety recall.

Toyota said the subpoena was issued by a federal grand jury in the Southern District of New York on Feb. 8.

The company said that on Feb. 19 it received a voluntary request and a subpoena from the Los Angeles office of the SEC seeking documents related to the sudden acceleration issue and the company's disclosure policies and practices.

The disclosure of a grand-jury investigation is the latest blow to Toyota, which has been under intense scrutiny for its safety track record.

The U.S. Department of Transportation is investigating whether to seek civil penalties against the company for failing to comply with regulations governing safety recalls. And Toyota officials including President Akio Toyoda will testify before the U.S. Congress this week.

Toyota recalled more than 6.5 million vehicles in the U.S. since September for sudden acceleration problems in multiple models, braking issues in the Prius hybrid and steering concerns in the Corolla compact.

The Japanese auto maker said it received the request from a federal grand jury in the Southern District of New York on Feb. 9 and the SEC request on Feb. 19.

A spokesman for Theodore Hester, a King & Spalding attorney who is representing Toyota at congressional hearings this week, said he declined comment.

The company doesn't issue comments on clients' issues as a matter of policy, according to the spokesman.

Documents released Sunday show Toyota officials basked in their success in lobbying federal safety officials in 2007 to limit a recall tied to sudden acceleration complaints to just 55,000 vehicles, saving the company $100 million, according to an internal document obtained by a congressional committee.

The company blamed incidents on floor mats, instead of a potentially more costly defect with the car itself.

The power point also lists among "wins" the National Highway Traffic Safety Administration's decision to close safety investigations of the Toyota Tacoma truck without ordering recalls, and delays to new safety rules that saved the company hundreds of millions of dollars.

Toyota said in a statement Sunday: "Our first priority is the safety of our customers and to conclude otherwise on the basis of one internal presentation is wrong." Toyota has said it is overhauling the company's corporate culture to ensure that safety is a top priority and to improve communication between its Japanese headquarters and its U.S. operations.

U.S. testimony by Toyoda has Japanese jittery

Continued from page 17

John Roos, U.S. ambassador to Japan. Mr. Roos, meanwhile, said: "There is no way this will have any kind of direct or indirect impact on the strength of the bilateral relationship between the United States and Japan."

Still, the Japanese media have carried a number of articles and broadcast segments analyzing the meaning of the upcoming hearing, many pointing to what they saw as political motives behind the actions by lawmakers and regulators.

In its analysis, the Nihon Keizai Shimbun pointed out that the administration of president Barack Obama accelerated its push against Toyota during November and December as its popular support eroded and its relationship with Japan became strained due to a dispute over a U.S. military base on the Japanese island of Okinawa. The mass-circulation Yomiuri Shimbun daily, meanwhile, described congressional hearings as "political shows where one misspoken word could become fatal."

The Japanese public's reaction to Toyota's problems in the U.S. has also been mixed, with some accusing the U.S. of being jealous of Toyota's success, and others blaming Toyota for what they see as slow and insincere responses to problems with its vehicles.

—Miho Inada contributed to this article.

Asian banks see rebound in region's M&A activity

Continued from page 17

Look to China and India. "We sense from the conversations we are having with clients now that this will be the year of renewed outbound M&A from Asia," said Farhan Faruqui, head of global banking, Asia Pacific at Citigroup. "Expect to see more headline outbound M&A transactions from China and India."

India will deliver this time. The volume of India-related outbound M&A was only US$11.4 billion in 2009, down from US$18.2 billion in 2008, despite the promise many bankers saw.

But year-to-date India outbound M&A has reached $11.1 billion, the highest total on record, according to Dealogic. In fact, at the moment, some of the biggest M&A deals awaiting approval are moves by Indian companies to fulfill their global ambitions.

India's **Reliance Industries** sweetened its November offer to take control of **LyondellBasell Industries** to $14.5 billion. India's **Bharti Airtel** has made its third attempt in two years to acquire an African business, this time with a $9 billion offer for Zain Africa, a Kuwaiti-owned mobile telecommunications provider.

Resources will predominate. China's US$300 billion sovereign-wealth fund, **China Investment Corp.**, announced more than US$8.15 billion of acquisitions last year, including a 15.8% stake in AES of the U.S. for US$1.58 billion, 17.2% of Canada's **Teck Resources** for US$1.5 billion and the US$856 million purchase of a 15% stake in Singapore-listed Noble Group.

The moves out won't just be by the Chinese, or Indians, but "Japan, South Korea and Southeast Asia will also join the hunt for resources," said Chang Tou Chen, head of advisory for Asia-Pacific at HSBC Holdings.

Resources aren't the only buy. Jayanti Bajpai, co-head of Asian-Pacific corporate and investment banking at Bank of America Merrill Lynch, says, "While the resources theme will continue to play out, manufacturing, brand-name retail and domestic consolidation will also feature."

Telecommunications, in particular, might come to the fore.

IPOs Go M&A. Companies such as CapitaLand of Singapore and Wynn Resorts used IPOs to raise money through units in Asia, notes Todd Marin, head of investment banking Asia-ex, J.P. Morgan. "This year, with more buoyant M&A markets, some companies may choose to sell as opposed to list these assets," he said.

One closely watched sale: **Royal Bank of Scotland Group** continues to sell assets in Asia.

Financing and sentiment will be key. With markets still uncertain, financing has been tough to find except in a few circumstances. The deals that attract financing will involve strong balance sheets or special opportunities, bankers say.

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CORPORATE NEWS

General Atomics plans nuclear plant

New design would use spent fuel from big reactors, but firm must surmount many hurdles before it starts building

By Rebecca Smith

Nuclear and defense supplier **General Atomics** announced it will launch a 12-year program to develop a new kind of small, commercial nuclear reactor in the U.S. that could run on spent fuel from big reactors.

In starting its campaign to build the helium-cooled reactor, General Atomics is joining a growing list of companies willing to place a long-shot bet on reactors so small they could be built in factories and hauled on trucks or trains.

The General Atomics program, if successful, could provide a partial solution to one of the biggest problems associated with nuclear energy: figuring out what to do with highly radioactive waste. With no agreement on where to locate a federal storage site, that waste is now stored on utilities' property.

The General Atomics reactor, which is dubbed EM2 for Energy Multiplier Module, would be about one-quarter the size of a conventional reactor and have the ability to burn used fuel, which still contains more than 90% of its original energy. Such reuse would reduce the volume and toxicity of the waste that remained.

The decision to proceed with its 12-year program indicates that General Atomics believes the time is right to both make a nuclear push and to try to gain approval for an unconventional design proposal despite the likely difficulty of getting it certified by the Nuclear Regulatory Commission.

General Atomics

An artist's modeling of the proposed EM2 reactor, which would be small enough to be transported by truck.

The EM2 would operate at temperatures as high as 850 degrees Centigrade, which is about twice as hot as a conventional water-cooled reactor. The very high temperatures would make the reactor especially well suited to industrial uses that go beyond electricity production, such as extracting oil from tar sands, desalinating water and refining petroleum to make fuel and chemicals.

Success is far from certain. High-temperature reactors place special stress on the metals used in reactor components, and there isn't any commercial certification process at the NRC now to assess the reactors' unique characteristics and to verify that they could operate safely for an expected 40- to 60-year life.

The regulatory agency would also have to decide how to handle license requests from companies that might want to locate reactors near industrial facilities, such as oil refineries, something that current regulations don't contemplate and that could pose special safety risks.

"We anticipate that [reviewing the reactors] will take a great deal of additional effort because of the uniqueness of the designs," said David Matthews, head of the new reactor program at the U.S. Nuclear Regulatory Commission, the governmental agency that regulates civilian uses of nuclear technology. He added that the agency "isn't in a position to make any firm commitments" to review the EM2.

Another possible problem is financing. General Atomics expects the development effort to cost $1.7 billion, and it intends to seek financial assistance from the Energy Department that may not materialize. Technical problems could also emerge, as could opposition from scientists and other activists who oppose nuclear expansion.

"We know we're in the very early stage with a lot of work ahead of us," said John Parmentola, senior vice president of General Atomics.

The Obama administration has said it wants to stimulate the U.S. nuclear sector to give the nation more low-emission energy and a high-value export product. It recently approved the first loan guarantee for a new nuclear plant and has said it would be willing to triple guarantees to $54.5 billion.

General Atomics has built more than five dozen small reactors, mostly for research purposes, including two gas-cooled units.

Mr. Parmentola said the company learned lessons from both reactors and has designed its EM2 reactor to be simpler and to integrate passive safety systems that use natural physical forces to keep the reactor operating within safe limits.

General Atomics intends to complete a preliminary design for the reactor and demonstrate that it can manufacture fuel elements in the next few years. It wants to be in a position to seek NRC design certification within five years, and, if no big problems emerge, to gain required approvals to sell reactors and make fuel assemblies by 2022.

Mr. Parmentola said the company hasn't yet sought agreements with vendors of key components.

The NRC is currently reviewing certification requests for five conventional large reactors. It may soon be asked to consider certification for two conventional small reactors as well, one by Virginia-based **Babcock & Wilcox** Co. and the other by Oregon-based **NuScale Power** Inc.

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Glaxo drug faces additional scrutiny

By Alicia Mundy

WASHINGTON—A Senate report that revives concerns about a **GlaxoSmithKline** PLC diabetes drug's link to heart attacks is putting pressure on the U.S. Food and Drug Administration to change its drug-safety program.

People familiar with the situation say agency leaders held calls over the weekend to discuss how to address complaints from Sens. Max Baucus (D., Mont.) and Chuck Grassley (R., Iowa), who released a new report Saturday on the Glaxo drug, called Avandia.

The FDA is trying to assemble a timeline of what the agency knew of risks associated with Avandia, these people say, and plans to call a meeting of an outside advisory committee in the next few months to look at recent information on the drug, which Glaxo reported as having global sales of £771 million ($1.2 billion) in 2009.

According to a two-year investigation by the Senate Finance Committee, Glaxo knew about data linking Avandia to elevated risk of cardiovascular events for several years, but played down the information and tried to suppress doctors who raised concerns. Starting in 1999, Glaxo executives complained to superiors about researchers who questioned Avandia's safety, the report says.

Glaxo rejected those conclusions. It said in a statement that the increased risk of heart attacks hasn't been proven and noted that the FDA "has ruled that Avandia remain available." The company says it never tried to suppress doctors' views but sought to correct what it considered misinformation.

Internal FDA reviews included in the Senate report show that in 2008, longtime FDA scientists David Graham and Kate Gelperin urged the FDA to get Avandia off the market.

"The FDA takes very seriously concerns and issues raised in the recent inquiry," said FDA commissioner Margaret Hamburg in a statement. A spokeswoman said the FDA awaits its advisers' recommendation and in the meantime, Dr. Hamburg will meet "with FDA scientists and outside experts to gain a full understanding and awareness of all of the data and issues involved."

Critics of the FDA cited the report in renewing calls for an independent safety unit at the agency to track problems with drugs after they go on the market. Currently the section that does "post-market surveillance" is subordinate to the division that approves new drugs.

Marcia Angell, a former editor of The New England Journal of Medicine, said the authority to ask for a drug withdrawal "should be given to the safety reviewers, not to the Office of New Drugs."

Veteran FDA officials have resisted such a separation as cumbersome and said the people who review a drug when it is new are best-equipped to assess problems.

Avandia is still on the market, but it has a strong warning label about cardiac risks.

China takes Fitch to task

Central-bank official defends lenders hit by a credit downgrade

SHANGHAI—A senior Chinese central-bank official took issue on Monday with **Fitch Rating** Inc.'s recent credit-rating downgrades of **China Merchants Bank** Corp. and **China Citic Bank** Corp., and said the operations of all Chinese banks are sound, despite the global financial crisis.

It isn't unusual for China to fight back on such a research note. In May 2006, Ernst & Young LLP received a sharp rebuke from Beijing for the auditing firm's estimate of the size of bad loans in China. Four days after China lashed out against the report, Ernst & Young retracted its opinion and made an apology.

But in a departure from that time, Xuan Changneng, head of the Financial Stability Bureau of the People's Bank of China, acknowledged that China's lending spree last year exposed domestic banks to huge credit risk.

The downgrades have had little effect on capital markets in China, but they highlighted growing concerns about the long-term health of the country's banking system following extraordinary credit growth in 2009. Chinese banks extended a record 9.6 trillion yuan ($1.406 trillion) in new yuan loans last year, nearly double the amount in 2008.

"We hope major rating agencies, including Fitch, make fair judgments on China's financial institutions based on objective criteria," Mr. Xuan said in a question-and-answer interview published by the PBOC-backed Financial News. "Chinese banks have successfully withstood the impact of the global financial crisis and kept a solid trend of development. Compared to their global peers, Chinese banks maintain higher capital-adequacy ratios and higher quality of capital," he said.

Agence France-Presse

Fitch lowered China Merchants Bank, shown here, and China Citic Bank to D.

On Feb. 2, Fitch lowered the ratings of China Merchants and Citic Bank to D, which signifies "weaknesses of internal and/or external origin," from C/D.

It was the first time in more than six years that Fitch had downgraded a Chinese bank. The company cited an aggressive increase in lending by the two banks in the January-September period last year, as well as the subsequent erosion of the amount of capital they hold against each loan.

—Rose Yu and Liu Li

Chapin, Kaplan rejoin herd at Merrill Lynch

By Dan Fitzpatrick

Sam Chapin and Todd Kaplan, who left Merrill Lynch & Co. amid an exodus of top investment bankers as the securities firm was sold to **Bank of America** Corp., are returning to their old firm, according to people familiar with the situation.

Mr. Chapin, 52 years old, and Mr. Kaplan, 45, were named executive vice chairmen, reporting directly to global banking and markets president Tom Montag, said Bank of America, based in Charlotte, N.C.

Mr. Chapin will be based in New York; Mr. Kaplan will be based in Chicago. Until mid-January, Mr. Kaplan had headed a new investment-banking unit for Chicago hedge fund **Citadel Investment Group**.

The return is a sign of growing stability at Merrill now that it is owned by the nation's largest bank by assets. The pair were among a large group of veteran investment bankers and top executives who bolted after the deal was completed at the start of last year. The exits thinned Merrill's senior ranks and fed concerns about the ultimate success of the merger.

As it regains momentum, Bank of America has been trying to woo back some of the prized talent it lost.

Other signs of stability include Merrill's No. 2 ranking in global and U.S. investment-banking fees for all of 2009, according to Dealogic, and billions in profits Merrill contributed to Bank of America's bottom line. That helped cushion the overall company from bruising consumer-loan losses.

As a reward, the investment bank set aside more than $4 billion in compensation for investment bankers and traders in 2009, meaning the average worker is receiving pay similar to a peak compensation year of 2006.

Mr. Kaplan's March 2008 departure from Merrill after spending the first 22 years of his career there was an initial victory in Citadel's effort to compete with more traditional Wall Street advisers and underwriters. Mr. Kaplan was well-known in Chicago for his work on the sale of Tribune Co. to Chicago real-estate magnate Sam Zell.

But his surprise exit from Citadel was a setback for the hedge fund, and Mr. Kaplan's move back to Merrill raises more questions about Citadel's push into investment banking. Citadel had no comment on Mr. Kaplan's move. Messrs. Chapin and Kaplan couldn't be reached.

Mr. Chapin left Merrill last March after 26 years with the firm, having served as a vice chairman from 2003 to 2009 and head of global investment banking from 2001 to 2003. He hasn't worked anywhere since leaving Merrill, said the person familiar with the moves.

—Scott Patterson contributed to this article.

No bonus for RBS chief, in attempt to deflect ire

By Sara Schaefer Muñoz

LONDON—Stephen Hester, the chief executive of **Royal Bank of Scotland Group** PLC, will become the latest top U.K. bank executive to turn down a bonus for 2009, a person familiar with the matter said. The move comes amid continuing public and political anger over banker compensation.

Mr. Hester will forgo his bonus, seeking to deflect public outcry from the bank's payouts to other staff and executives, which Mr. Hester wants to make sure remain competitive, this person said.

Mr. Hester had been set to receive an award of about £1.6 million ($2.5 million), this person said. The overall 2009 bonus pool at the struggling bank is set to be £1.3 billion.

Mr. Hester's decision comes after both the chief executive and the president of **Barclays** PLC, John Varley and Robert E. Diamond Jr., said last week they would give up their 2009 bonuses in the wake of public concern following the financial crisis, even though Barclays took no direct aid from the U.K.

That isn't the case at RBS, where the bonus debate has been intensified by the fact that the bank is 84%-owned by U.K. taxpayers after a bailout in 2008 and an additional infusion of government capital late last year.

The move could pressure the top executives at the U.K.'s other top banks, **HSBC Holdings** PLC and **Lloyds Banking Group** PLC, to also give up their 2009 awards.

Spokesmen for both banks said no decisions had been made on 2009 bonuses.

Getty Images

RBS Chief Executive Stephen Hester turned down his 2009 payout.

Under his compensation package, Lloyds Chief Executive Eric Daniels could receive as much as 225% of his £1 million annual salary, which would be paid in shares deferred for three years, according to a person close to the matter.

A spokesman for HSBC said that the bank couldn't comment on remuneration ahead of its 2009 results, which will be reported on March 1. He did say that U.K-based directors waived all bonuses last year.

RBS came under fire in June, when it agreed to a compensation package for Mr. Hester that includes an annual salary of £1.2 million, as well as added payments of as much as £8.4 million, which are tied to the performance of the bank's shares.

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(RMB million)	31 Dec 2009	31 Dec 2008	Change (%)
Turnover	1,757	1,353	+29.9
Gross profit	696	397	+75.4
Operating profit	401	161	+149.2
Profit attributable to equity holders	357	129	+177.0
Basic earnings per share (RMB cents)	17.3	8.6	+101.2
Interim dividend per share (HK cents)	4.9	N.A.	N.A.

The results reflect a period of robust growth, in line with the rapid expansion of the Company's franchised stores which now number over 6,600 throughout the country.

Net income increased significantly because of the strong growth in revenue and a substantial improvement in gross margins as a result of higher productivity and better economies of scale.

The Company has a very healthy balance sheet with good cash flows from the operations and is well-positioned to benefit from a growing economy and greater urbanization.

We hope to continue to produce superior returns for our shareholders.

Ding Wuhao
President and Executive Director

South Korea issuers eye offshore bond market

By Ditas Lopez and Kanga Kong

SINGAPORE—The **Export-Import Bank of Korea** will peep at the international bond market this week, possibly going ahead with its first global issue of the year if conditions remain favorable.

BOND MARKETS

Kexim is looking to sell a benchmark-sized dollar bond, meaning $500 million or more, with market participants expecting a maturity of five years.

A frequent international issuer, Kexim "will watch the U.S. market's performance for another two or three days and offer the bond if conditions are favorable," one person familiar with the bank's plans said.

The highly rated state-run bank is one among a clutch of South Korean issuers waiting for a window of opportunity to raise funds abroad so they can refinance debts or expand operations.

A number of companies and banks have sent out requests for proposals to investment banks as they seek to sell bonds offshore. Others have selected banks, formally or informally, to lead manage their offerings.

Among them, **Woori Bank** is looking to sell a senior bond with a maturity of five years, according to people in the market.

Hyundai Motor Co. Ltd. is said to be considering a benchmark bond offer, having hired four banks to manage the possible sale.

Hyundai Card Co. Ltd., a unit of **General Electric**'s General Electrical Capital Corp. and Hyundai Motor, is also expected to come out with an offering in coming months, having met bond investors in late January.

Other potential Korean issuers include **Korea Water Resources** and **Korea Hydro & Nuclear Power**.

Japanese bonds

The yield on Japan's benchmark 10-year government bond hit a two-week high as a sharp upturn in Tokyo shares reduced demand for safe-haven assets.

But further increases may be limited if expected solid demand at an auction of 1.1 trillion yen ($12 billion) in 20-year bonds on Tuesday encourages investors to buy longer-term bonds, analysts said. The bond is expected to have a coupon of 2.2%, higher than the current yield of 2.17%.

"The coupon looks attractive," said Mizuho Securities chief market analyst Tetsuya Miura.

If core buyers of the zone such as life insurers and pension funds are active at the tender, then longer-dated debt "may gain favor," he said, helping to diminish concerns about supply and pushing yields lower.

Monday, the benchmark 10-year yield rose 0.015 percentage point to 1.345%, its highest level since Feb. 10.

—Tomoyuki Tachikawa contributed to this article.

Debt concerns knock the euro

By Fabio Alves

NEW YORK—The euro fell against the dollar and the yen amid renewed worries over how the European Union will address Greece's debt problems.

The common currency dropped below $1.36 and hovered around 124 yen, after a German Finance Ministry spokesman said that no decision has been made regarding aid for fiscally stressed Greece. His comments came in a denial of media reports on a possible rescue plan.

CURRENCY MARKETS

"The euro is going to have a tough time rallying until the Greek saga comes to an end, even if there have been fresh reports that Greece could receive aid from some [European Union] nations and they may actually want aid this time around," said Kathy Lien, director of currency research at GFT Forex in New York.

In midday trading, the euro was at $1.3584 from $1.3595 late Friday after trading as high as $1.3655 during the day. The dollar was at 91.09 yen, from 91.63 yen, while the euro was at 123.73 yen from 124.56 yen. The U.K. pound was at $1.5477 from $1.5455. The dollar was at 1.0775 Swiss francs from 1.0770 francs.

In the absence of major U.S. economic data scheduled to be released Monday, investors' attention will focus on Federal Reserve Chairman Ben Bernanke's testimony to Congress Wednesday.

"In general, currency traders are holding off on buying more dollars until they hear from Bernanke," GFT Forex's Ms. Lien said.

Currencies showed little reaction to the Chicago Federal Reserve's closely watched National Activity Index, which turned positive in January, with data indicating that the U.S. economy was in the best shape since May 2007.

"[Monday's] dearth of economic data and profit-taking on the Fed-inspired dollar rally last week have investors looking elsewhere for direction," said Joe Manimbo, currency analyst at Travelex Global Business Payments in Washington. "Therefore, the prevailing level of risk sentiment should provide the crux to direction [Monday], with most traders waiting on key U.S. data on Tuesday and Fed chairman Bernanke's testimony on Wednesday."

FUND SCORECARD

HF Fund of Funds

These funds offer investors exposure to several different hedge fund strategies. FOF managers select outside hedge funds as part of multi-manager portfolio. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 22, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
NS	**Gottex PortabAlpha SPC MktNeut FTSE100**	Gottex Fund Management	GBP	Cayman Isl	**-4.32**	57.99	NS	NS
NS	**Berens Global Value Fund Ltd**	Berens Capital, LLC	USD	Cayman Isl	**-0.39**	47.41	-6.21	11.98
NS	**Gottex PortabAlpha SPC MNB/SP500 NoErisa**	Gottex Fund Management	USD	Cayman Isl	**-3.04**	47.30	NS	NS
NS	**Foreign Stock Market Fund**	HS Mgmt	USD	United States	**-1.81**	47.24	-7.23	NS
NS	**Gottex Tiger Fund Limited (AUD)**	Gottex Fund Management	AUD	Cayman Isl	**45.41**	45.41	-8.93	NS
NS	**Berens Global Value Fund LP**	Berens Capital, LLC	USD	United States	**-0.57**	44.88	-7.36	11.82
NS	**Berens Insurance Dedicated Fund LLC**	Berens Capital, LLC	USD	United States	**33.55**	33.55	-13.40	NS
NS	**Generali Diversified Multi Strategy**	Generali Investimenti Alternativi SGR SpA	EUR	Italy	**19.64**	31.70	-8.83	2.68
NS	**Gottex Market Neutral Plus GBP DST Fund**	Gottex Fund Management	GBP	Cayman Isl	**30.25**	30.25	-12.83	NS
NS	**Gottex Market Neutral Plus GBP NL Fund**	Gottex Fund Management	GBP	Cayman Isl	**30.19**	30.19	-12.74	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/18	EUR	49.80	-8.8	28.6	-23.8
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/19	USD	10.26	-1.1	44.3	-10.8
Am Eq Blend B	US	EQ	LUX	02/19	USD	9.63	-1.2	42.9	-11.7
Am Growth A	US	EQ	LUX	02/19	USD	30.34	-2.9	42.2	-0.9
Am Growth AX	US	EQ	LUX	02/19	USD	32.77	-2.8	43.0	-0.3
Am Growth B	US	EQ	LUX	02/19	USD	25.47	-3.0	40.7	-1.9
Am Growth C	US	EQ	LUX	02/19	USD	27.43	-2.9	41.5	-1.3
Am Growth I	US	EQ	LUX	02/19	USD	33.66	-2.8	43.3	-0.1
Am Income A	US	BD	LUX	02/19	USD	8.42	-0.1	25.6	6.1
Am Income A2	US	BD	LUX	02/19	USD	19.18	0.7	26.2	6.4
Am Income A2	OT	OT	NA	02/19	HKD	148.95	0.7	26.2	6.4
Am Income AT	OT	OT	NA	02/19	HKD	65.47	0.7	26.1	6.4
Am Income AT	US	BD	LUX	02/19	USD	8.43	0.7	26.1	6.4
Am Income B	US	BD	LUX	02/19	USD	8.42	-0.1	24.7	5.3
Am Income B2	US	BD	LUX	02/19	USD	16.52	0.7	25.3	5.7
Am Income B2	OT	OT	NA	02/19	HKD	128.29	0.7	25.3	5.7
Am Income BT	OT	OT	NA	02/19	HKD	65.85	0.2	24.8	5.5
Am Income BT	US	BD	LUX	02/19	USD	8.48	0.2	24.8	5.5
Am Income C	US	BD	LUX	02/19	USD	8.42	-0.1	25.0	5.6
Am Income C2	US	BD	LUX	02/19	USD	24.57	0.7	25.6	5.9
Am Income I	US	BD	LUX	02/19	USD	8.42	-0.1	26.3	6.7
Am Value A	US	EQ	LUX	02/19	USD	8.57	0.5	31.0	-10.3
Am Value B	US	EQ	LUX	02/19	USD	7.88	0.4	29.6	-11.1
Am Value C	US	EQ	LUX	02/19	USD	8.56	0.4	30.3	-10.7
Am Value I	US	EQ	LUX	02/19	USD	9.23	0.5	32.0	-9.5
Emg Mkts Debt A	GL	BD	LUX	02/19	USD	15.46	-0.6	44.8	7.8
Emg Mkts Debt A2	GL	BD	LUX	02/19	USD	20.17	0.3	45.7	8.2
Emg Mkts Debt AT	GL	BD	LUX	02/19	USD	15.56	-0.3	45.0	7.9
Emg Mkts Debt B	GL	BD	LUX	02/19	USD	15.46	-0.6	43.6	6.8
Emg Mkts Debt B2	GL	BD	LUX	02/19	USD	19.40	0.2	44.3	7.1
Emg Mkts Debt BT	GL	BD	LUX	02/19	USD	15.54	-0.3	43.7	6.8
Emg Mkts Debt C	GL	BD	LUX	02/19	USD	15.46	-0.6	44.3	7.3
Emg Mkts Debt C2	GL	BD	LUX	02/19	USD	19.81	0.3	45.0	7.7
Emg Mkts Debt I	GL	BD	LUX	02/19	USD	15.46	-0.6	45.5	8.3
Emg Mkts Growth A	GL	EQ	LUX	02/19	USD	32.77	-5.4	77.9	-12.8
Emg Mkts Growth B	GL	EQ	LUX	02/19	USD	27.73	-5.6	76.1	-13.6
Emg Mkts Growth C	GL	EQ	LUX	02/19	USD	28.39	-5.5	77.1	-13.1
Emg Mkts Growth I	GL	EQ	LUX	02/19	USD	36.37	-5.3	79.3	-12.0
Eur Growth A	OT	OT	LUX	02/19	USD	9.54	-0.3	32.5	-13.4
Eur Growth A	OT	OT	LUX	02/19	EUR	7.01	-0.3	32.5	-13.4
Eur Growth B	OT	OT	LUX	02/19	EUR	6.29	-0.5	31.0	-14.3
Eur Growth B	OT	OT	LUX	02/19	USD	8.56	-0.5	31.0	-14.3
Eur Growth C	EU	EQ	LUX	02/19	EUR	5.31	-0.4	32.1	-13.8
Eur Growth I	OT	OT	LUX	02/19	USD	10.41	-0.3	33.5	-12.8
Eur Growth I	OT	OT	LUX	02/19	EUR	7.65	-0.3	33.5	-12.8
Eur Income A	OT	OT	LUX	02/19	EUR	6.65	0.8	42.7	6.1
Eur Income A	OT	OT	LUX	02/19	USD	9.05	0.8	42.7	6.1
Eur Income A2	OT	OT	LUX	02/19	EUR	13.08	1.6	43.3	6.5
Eur Income A2	OT	OT	LUX	02/19	USD	17.80	1.6	43.3	6.5
Eur Income AT	EU	BD	LUX	02/19	EUR	6.66	1.7	43.3	6.4
Eur Income B	OT	OT	LUX	02/19	EUR	6.65	0.8	41.9	5.5
Eur Income B	OT	OT	LUX	02/19	USD	9.05	0.8	41.9	5.5
Eur Income B2	OT	OT	LUX	02/19	EUR	12.15	1.5	42.3	5.7
Eur Income B2	OT	OT	LUX	02/19	USD	16.54	1.5	42.3	5.7
Eur Income BT	EU	BD	LUX	02/19	EUR	6.66	1.1	41.6	5.5
Eur Income C	OT	OT	LUX	02/19	EUR	6.65	0.8	42.2	5.7
Eur Income C	OT	OT	LUX	02/19	USD	9.05	0.8	42.2	5.7
Eur Income C2	OT	OT	LUX	02/19	USD	13.03	1.6	42.7	6.0
Eur Income C2	OT	OT	LUX	02/19	USD	17.74	1.6	42.7	6.0
Eur Income I	OT	OT	LUX	02/19	EUR	6.65	0.8	43.3	6.7
Eur Income I	OT	OT	LUX	02/19	USD	9.05	0.8	43.3	6.7
Eur Strat Value A	OT	OT	LUX	02/19	EUR	8.37	-1.9	35.2	-17.3
Eur Strat Value A	OT	OT	LUX	02/19	USD	11.39	-1.9	35.2	-17.3
Eur Strat Value I	OT	OT	LUX	02/19	EUR	8.58	-1.8	36.4	-16.6
Eur Strat Value I	OT	OT	LUX	02/19	USD	11.68	-1.8	36.4	-16.6
Eur Value A	OT	OT	LUX	02/19	EUR	8.99	-2.3	38.3	-13.9
Eur Value A	OT	OT	LUX	02/19	USD	12.24	-2.3	38.3	-13.9
Eur Value B	OT	OT	LUX	02/19	USD	11.24	-2.4	37.0	-14.8
Eur Value B	OT	OT	LUX	02/19	EUR	8.26	-2.4	37.0	-14.8
Eur Value C	OT	OT	LUX	02/19	USD	11.83	-2.2	37.7	-14.3
Eur Value C	OT	OT	LUX	02/19	EUR	8.69	-2.2	37.7	-14.3
Eur Value I	OT	OT	LUX	02/19	USD	14.16	-2.1	39.6	-13.2
Eur Value I	OT	OT	LUX	02/19	EUR	10.40	-2.1	39.6	-13.2
Gl Balanced (Euro) A	OT	OT	LUX	02/19	USD	15.57	-0.3	29.1	-8.6
Gl Balanced (Euro) B	OT	OT	LUX	02/19	USD	15.15	-0.4	27.9	-9.5
Gl Balanced (Euro) C	OT	OT	LUX	02/19	USD	15.45	-0.3	28.8	-8.8
Gl Balanced (Euro) I	OT	OT	LUX	02/19	USD	15.87	-0.2	NS	NS
Gl Balanced A	US	BA	LUX	02/19	USD	16.16	-1.9	34.0	-8.8
Gl Balanced B	US	BA	LUX	02/19	USD	15.34	-2.1	32.6	-9.8
Gl Balanced C	OT	OT	LUX	02/19	USD	15.91	-2.0	33.6	-9.1
Gl Balanced C	OT	OT	LUX	02/19	EUR	11.69	-2.0	33.6	-9.1
Gl Balanced I	US	BA	LUX	02/19	USD	16.78	-1.8	35.0	-8.2
Gl Bond A	US	BD	LUX	02/19	USD	9.30	0.6	14.9	4.8
Gl Bond A2	US	BD	LUX	02/19	USD	16.21	1.2	15.4	5.0
Gl Bond A2	OT	OT	NA	02/19	HKD	125.88	1.2	15.4	5.0
Gl Bond AT	OT	OT	LUX	02/19	HKD	72.30	1.0	15.1	4.8
Gl Bond AT	US	BD	LUX	02/19	USD	9.31	1.0	15.1	4.8
Gl Bond B	US	BD	LUX	02/19	USD	9.30	0.6	13.9	3.8
Gl Bond B2	US	BD	LUX	02/19	USD	14.18	1.1	14.2	3.9
Gl Bond B2	OT	OT	NA	02/19	HKD	110.12	1.1	14.2	3.9
Gl Bond BT	OT	OT	LUX	02/19	HKD	72.53	0.9	13.9	3.8
Gl Bond BT	US	BD	LUX	02/19	USD	9.34	0.9	13.9	3.8
Gl Bond C	US	BD	LUX	02/19	USD	9.30	0.6	14.5	4.3
Gl Bond C2	US	BD	LUX	02/19	USD	14.06	1.2	14.9	4.5
Gl Bond I	US	BD	LUX	02/19	USD	9.30	0.6	15.5	5.4
Gl Conservative A	US	BA	LUX	02/19	USD	14.80	-0.5	21.4	-3.0
Gl Conservative A2	US	BA	LUX	02/19	USD	16.85	-0.5	21.4	-3.0
Gl Conservative B	US	BA	LUX	02/19	USD	14.77	-0.6	20.1	-4.0
Gl Conservative B2	US	BA	LUX	02/19	USD	15.98	-0.7	20.1	-4.0
Gl Conservative C	US	BA	LUX	02/19	USD	14.78	-0.5	20.8	-3.4
Gl Conservative C2	US	BA	LUX	02/19	USD	16.47	-0.5	20.8	-3.4
Gl Conservative I	US	BA	LUX	02/19	USD	14.88	-0.4	22.4	-2.2
Gl Eq Blend A	GL	EQ	LUX	02/19	USD	11.18	-4.1	46.5	-18.6
Gl Eq Blend B	GL	EQ	LUX	02/19	USD	10.48	-4.3	45.0	-19.4
Gl Eq Blend C	GL	EQ	LUX	02/19	USD	10.98	-4.2	45.8	-18.9
Gl Eq Blend I	GL	EQ	LUX	02/19	USD	11.81	-4.0	47.6	-17.9
Gl Growth A	GL	EQ	LUX	02/19	USD	40.37	-3.7	41.6	-19.1
Gl Growth B	GL	EQ	LUX	02/19	USD	33.66	-3.8	40.3	-19.9
Gl Growth C	GL	EQ	LUX	02/19	USD	38.72	-3.7	41.0	-19.4
Gl Growth I	GL	EQ	LUX	02/19	USD	44.88	-3.5	42.8	-18.4
Gl High Yield A	US	BD	LUX	02/19	USD	4.33	0.0	59.1	6.1
Gl High Yield A2	US	BD	LUX	02/19	USD	9.36	1.1	59.7	6.4
Gl High Yield A2	OT	OT	NA	02/19	HKD	72.69	1.1	59.7	6.4
Gl High Yield AT	OT	OT	NA	02/19	HKD	33.39	1.1	59.5	6.4
Gl High Yield AT	US	BD	LUX	02/19	USD	4.30	1.1	59.5	6.4
Gl High Yield B	US	BD	LUX	02/19	USD	4.33	0.0	57.3	4.9
Gl High Yield B2	US	BD	LUX	02/19	USD	15.03	1.0	58.2	5.4
Gl High Yield B2	OT	OT	NA	02/19	HKD	116.72	1.0	58.2	5.4
Gl High Yield BT	OT	OT	NA	02/19	HKD	33.94	0.2	57.1	5.0
Gl High Yield BT	US	BD	LUX	02/19	USD	4.37	0.2	57.1	5.0
Gl High Yield C	US	BD	LUX	02/19	USD	4.33	0.0	58.3	5.6
Gl High Yield C2	US	BD	LUX	02/19	USD	13.87	1.1	59.2	5.9
Gl High Yield I	US	BD	LUX	02/19	USD	4.33	0.0	60.1	6.8
Gl Thematic Res. A	OT	OT	LUX	02/19	USD	14.27	-3.1	77.3	-0.4
Gl Thematic Res. B	OT	OT	LUX	02/19	USD	12.47	-3.3	75.6	-1.4
Gl Thematic Res. I	OT	OT	LUX	02/19	USD	15.93	-3.0	78.8	0.4
Gl Value A	GL	EQ	LUX	02/19	USD	10.64	-4.5	51.8	-18.1
Gl Value B	GL	EQ	LUX	02/19	USD	9.76	-4.7	50.2	-18.9
Gl Value C	GL	EQ	LUX	02/19	USD	10.33	-4.6	51.0	-18.4
Gl Value I	GL	EQ	LUX	02/19	USD	11.32	-4.5	52.8	-17.4
Greater China A	AS	EQ	LUX	02/19	USD	37.15	-7.2	55.6	-13.7
Greater China B	AS	EQ	LUX	02/19	USD	32.83	-7.3	54.1	-14.6
Greater China C	AS	EQ	LUX	02/19	USD	36.66	-7.2	54.9	-14.1
India Growth A	OT	OT	LUX	02/19	USD	120.86	-4.8	NS	NS
India Growth AX	OT	OT	LUX	02/19	USD	105.69	-4.7	79.3	-6.9
India Growth B	OT	OT	LUX	02/19	USD	126.43	-4.9	NS	NS
India Growth BX	OT	OT	LUX	02/19	USD	90.21	-4.9	77.5	-7.8
India Growth I	EA	EQ	LUX	02/19	USD	109.61	-4.7	80.2	-6.5
Int'l Health Care A	OT	EQ	LUX	02/19	USD	139.47	1.5	22.3	-5.2
Int'l Health Care B	OT	EQ	LUX	02/19	USD	117.47	1.3	21.0	-6.2
Int'l Health Care C	OT	EQ	LUX	02/19	USD	133.58	1.4	21.7	-5.7
Int'l Health Care I	OT	EQ	LUX	02/19	USD	152.56	1.6	23.3	-4.5
Int'l Technology A	OT	EQ	LUX	02/19	USD	105.93	-4.0	58.8	-4.7
Int'l Technology B	OT	EQ	LUX	02/19	USD	91.66	-4.2	57.2	-5.6
Int'l Technology C	OT	EQ	LUX	02/19	USD	102.31	-4.1	58.1	-5.1
Int'l Technology I	OT	EQ	LUX	02/19	USD	118.91	-3.9	60.1	-3.9
Japan Eq Blend A	JP	EQ	LUX	02/19	JPY	5851.00	-2.9	28.6	-19.9
Japan Eq Blend B	JP	EQ	LUX	02/19	JPY	5638.00	-3.0	27.3	-20.7
Japan Eq Blend C	JP	EQ	LUX	02/19	JPY	5754.00	-2.9	28.0	-20.2
Japan Growth A	JP	EQ	LUX	02/19	JPY	5562.00	-5.3	16.9	-21.3
Japan Growth B	JP	EQ	LUX	02/19	JPY	5359.00	-5.5	15.7	-22.1
Japan Growth C	JP	EQ	LUX	02/19	JPY	5470.00	-5.4	16.4	-21.6
Japan Strat Value A	JP	EQ	LUX	02/19	JPY	6109.00	-0.2	40.8	-18.8
Japan Strat Value B	JP	EQ	LUX	02/19	JPY	5892.00	-0.3	39.4	-19.6
Japan Strat Value C	JP	EQ	LUX	02/19	JPY	6003.00	-0.2	40.1	-19.2
Real Estate Sec. A	OT	EQ	LUX	02/19	USD	13.75	-4.2	71.0	-13.8
Real Estate Sec. B	OT	EQ	LUX	02/19	USD	12.55	-4.3	69.4	-14.7
Real Estate Sec. I	OT	EQ	LUX	02/19	USD	14.80	-4.0	72.5	-13.1
Short Mat Dollar A	US	BD	LUX	02/19	USD	7.27	0.0	13.8	-5.0
Short Mat Dollar A2	US	BD	LUX	02/19	USD	9.84	0.5	14.0	-4.9
Short Mat Dollar AT	US	BD	LUX	02/19	USD	7.27	0.3	13.8	-5.0
Short Mat Dollar B	US	BD	LUX	02/19	USD	7.27	0.0	13.4	-5.4
Short Mat Dollar B2	US	BD	LUX	02/19	USD	9.79	0.5	13.6	-5.3
Short Mat Dollar BT	OT	OT	LUX	02/19	USD	7.28	0.1	NS	-5.7
Short Mat Dollar C	US	BD	LUX	02/19	USD	7.27	0.0	13.4	-5.4
Short Mat Dollar C2	US	BD	LUX	02/19	USD	13.84	0.5	13.6	-5.3
Short Mat Dollar I	US	BD	LUX	02/19	USD	7.27	0.0	14.4	-4.4

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/22	USD	101.49	1.5	23.3	20.0
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
*Closed for New Investments									
Superfund Cayman*	OT	OT	CYM	02/16	USD	33.82	-17.1	-59.4	-14.9
Superfund GCT USD*	GL	EQ	LUX	02/16	USD	1886.00	-14.1	-48.6	-11.1
Superfund Green Gold A (SPC)	OT	OT	CYM	02/16	USD	888.59	-7.9	-26.0	-2.5
Superfund Green Gold B (SPC)	OT	OT	CYM	02/16	USD	814.96	-12.9	-41.6	-9.4
Superfund Q-AG*	OT	OT	AUT	02/16	EUR	6016.00	-9.1	NS	-3.0
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/22	EUR	50.20	-4.9	43.0	-8.0
Industria AE	EU	EQ	DEU	02/22	EUR	71.84	-0.5	36.8	-12.2
InternRent AE	EU	BD	DEU	02/22	EUR	37.05	5.7	2.5	10.6
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/11	USD	293026.41	6.7	123.6	12.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Energy stocks depress U.S. stocks; BofA gains

By Kristina Peterson

NEW YORK—The U.S. stock market edged down in choppy trading as energy stocks slipped, but the health-care sector pared losses made after President Barack Obama unveiled a $950 billion health-care proposal.

ABREAST OF THE MARKET

The Dow Jones Industrial Average was down 6.2 points, or 0.1%, at 10396.15 in midday trade. Drugmaker **Merck** was the Dow's worst performer, down 1.3%. However, pharmaceutical company **Pfizer** rebounded from its earlier losses, recently up 0.6%, as investors digested the president's health-care proposal.

Energy stocks also slid, with **Chevron** falling 1.1% and **Exxon** down 0.6%.

Bank of America added 1.9%, after a federal judge reluctantly approved a $150 million settlement Monday between the bank and the U.S. Securities & Exchange Commission over the bank's disclosures before its acquisition of Merrill Lynch.

The Nasdaq Composite shed 0.2% to 2239.88. The Standard & Poor's 500-share eased 0.1% to 1107.75. Its energy sector led the declines, with oil-field service providers posting some of the sharpest declines in the wake of **Schlumberger**'s $11 billion takeover offer of **Smith International**, a deal which would create the world's biggest oil-field services company. Schlumberger skidded 4.9%, while Smith International gained 7.6%.

Health-care stocks curbed some of their earlier decline following the release of the president's health-care proposal, which suggests a tax on high-end health plans be delayed for all workers, not just those in unions, until 2018 and suggested new taxes to help make up for the lost revenue. The plan would cost $950 billion over 10 years.

European stocks

Key European indexes snapped five-session winning streaks as drug makers weighed on benchmarks.

The pan-European Dow Jones Stoxx 600 index slipped 0.3% to 249.67. Among key national indexes, the U.K. FTSE 100 index eased 0.1% to 5352.07, the German DAX index shed 0.6% to 5688.44 and the French CAC-40 index lost 0.3% to 3756.70.

GlaxoSmithKline fell 2.6% in London, hurt by a New York Times article that questioned the safety of the Avandia diabetes drug. GlaxoSmithKline denied any issues with its drug.

Among other drug makers, **Roche Holding** shed 1.4% in Zurich.

Deutsche Lufthansa fell 1.7% as a four-day strike at the German airline began. **British Airways** dropped 1.6%, as the cabin crew trade unions prepared to unveil the outcome of their latest strike ballot.

Bank of Ireland shed 6.2% after it said it will pay the coupon due on preference shares held by the Irish government in shares instead of cash.

Longer-term Treasurys slip pre-auction

By Kelly Nolan

NEW YORK—Longer-dated Treasurys were lower Monday, as investors prepared for $126 billion in government debt sales this week.

U.S. CREDIT MARKETS

The week's auctions get started with an $8 billion 30-year Treasury Inflation-Protected Securities, or TIPS, offering Monday afternoon, followed by a $44 billion sale of two-year notes Tuesday, a $42 billion offering of five-year notes Wednesday and a $32 billion sale of seven-year notes Thursday.

The 30-year TIPS offering will be the first sale of that maturity since 2001.

In late-morning trade, the two-year Treasury note was up 2/32 at 99 31/32 to yield 0.8913%, while the 10-year note was down 2/32 at 98 21/32 to yield 3.7879%. The 30-year bond fell 13/32 to 98 12/32, yielding 4.7269%. Bond prices move inversely to yields.

"It's kind of a wait and see mode at the moment," said Ira Jersey, U.S. interest rate strategy group head at RBC Capital Markets. "All eyes are on supply."

Gauging demand for the 30-year TIPS sale is tricky given that the last sale was nine years ago.

"There's still a lot of uncertainty about it," said Rick Klingman, managing director of trading for BNP Paribas. "We haven't had an auction of this kind in a long while."

Asian shares advance; exporters boost Japan

By V. Phani Kumar And Colin Ng

Asian shares ended on a strong note Monday as investors snapped up resource shares and exporters, encouraged by a positive finish on Wall Street and eased worries about Greece's sovereign debt.

ASIAN-PACIFIC STOCKS

Investors bought back shares they sold in the previous session in the wake of the U.S. Federal Reserve's discount-rate increase, as U.S. shares themselves shrugged off the news to advance Friday, said analysts.

Japan's Nikkei Stock Average of 225 companies ended up 2.7% to 10400.47, Hong Kong's Hang Seng Index gained 2.4% to 20377.27 and Australia's S&P/ASX 200 advanced 1.8% to 4717.53. India's Sensex climbed 0.3% to 16237.05, and Singapore's Straits Times Index finished flat.

Taiwanese and Chinese markets reopened for trading after a long Lunar New Year holiday, with the Taiex rising 1.6% to 7560.04 in Taipei. The Shanghai Composite dropped 0.5% to 3003.40, though gains across regional markets helped offset some of the impact of the People's Bank of China's credit-tightening measures that were announced after the market closed on the final trading day before the break.

China's National People's Congress is set to convene to consider future policy formulation over nearly two weeks starting early March.

Resources-related stocks were sharply higher on stronger commodity prices, with mining heavyweights **BHP Billiton** and **Rio Tinto** rising 2.8% and 2.1%, respectively, in Sydney.

Sumitomo Metal Mining added 2.6% and commodities trading house **Marubeni** jumped 3.9% in Tokyo; **Aluminum Corp. of China** added 3.5% and **Cnooc** climbed 3.7% in Hong Kong, and **Hindalco Industries** advanced 2.6% in Mumbai.

Shipping companies also edged higher on the positive sentiment, lifting **Nippon Yusen K.K.** by 3.1% and **Mitsui O.S.K. Lines** by 3.7% in Tokyo, **China Cosco Holdings** by 3.1% in Hong Kong and **Neptune Orient Lines** by 5.4% in Singapore trading.

Japanese exporters also contributed handsomely to gains in Tokyo after the U.S. dollar's recent gains against the yen. **Sony** advanced 3.4% and **Toyota Motor** added 1.2%, with **Nikon** rising 3.6%.

The regionwide market gains came as some analysts viewed the Fed move last week as an overall positive.

Sun Hung Kai Properties gained 2% in Hong Kong after the company said it sold about 900 flats in the city over the weekend for 4.2 billion Hong Kong dollars (US$541 million). The company also bought a Hong Kong site in a government land auction.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/12	USD	1286.73	3.5	25.3	-6.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/15	JPY	13901.07	-10.5	54.4	2.0
GAM Asia Equity Hedge US	OT	OT	VGB	02/15	USD	259.44	-10.6	NS	3.3
GAM Asia Equity USD	OT	OT	VGB	02/19	USD	595.76	-8.9	63.7	-12.3
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/16	USD	1252.87	-2.3	27.3	-11.6
GAM Com Glb Bal EUR Op	US	BA	VGB	02/15	EUR	95.23	-1.7	15.1	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/15	USD	125.64	-1.7	15.1	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/15	EUR	96.36	-4.2	21.3	-12.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/15	USD	122.14	-4.2	21.3	-12.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/15	EUR	85.89	-3.1	15.3	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/15	USD	123.12	-3.1	15.3	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/12	USD	237.45	-4.5	31.5	-8.5
GAM Cross Trading Inc	OT	OT	VGB	02/15	USD	462.48	-0.7	4.5	NS
GAM Diversity CHF Op	OT	OT	VGB	02/15	CHF	93.89	-0.4	3.4	-6.1
GAM Diversity EUR Op	OT	OT	VGB	02/15	EUR	645.98	-0.4	4.0	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	02/15	USD	77.37	-1.2	7.5	-18.1
GAM Diversity USD Op	OT	OT	VGB	02/15	USD	678.55	-0.4	4.2	-5.4
GAM Dvrsty II CHF Op	OT	OT	VGB	02/15	CHF	99.05	-0.5	2.8	-6.0
GAM Dvrsty II EUR Op	OT	OT	VGB	02/15	EUR	138.21	-0.4	3.2	-4.7
GAM Dvrsty II USD Op	OT	OT	VGB	02/15	USD	209.36	-0.4	3.4	-5.3
GAM DvrstyIII EUR Op	OT	OT	VGB	02/15	EUR	115.07	-0.4	3.1	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	02/15	USD	121.52	-0.4	3.4	-5.0
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/15	EUR	216.19	-1.2	9.5	-3.1
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/15	USD	200.72	-1.3	10.6	-1.6
GAM European Equity USD	OT	OT	VGB	02/19	USD	274.10	-6.5	37.3	-12.3
GAM GAMCO	OT	EQ	VGB	02/16	USD	797.81	-1.6	47.5	-8.3
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/15	EUR	95.90	-2.0	11.0	-15.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/15	USD	101.33	-1.8	10.9	-14.7
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/15	USD	242.90	-2.8	26.6	-5.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/08	USD	252.20	-12.0	93.4	18.7
GAM Intrst Trend II	GL	BD	VGB	02/15	USD	103.47	9.9	63.3	-4.3
GAM Intrst Trend Inc	OT	OT	VGB	02/15	USD	275.16	9.4	76.2	-2.4
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/15	EUR	120.90	3.6	14.8	-0.4
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/15	USD	124.04	1.6	17.5	-13.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/15	JPY	8542.25	1.6	18.0	-12.7
GAM Japan USD	JP	EQ	VGB	02/19	USD	1108.21	0.5	28.7	-13.4
GAM Japan YEN	JP	EQ	VGB	02/19	JPY	8805.34	-0.2	28.6	-19.1
GAM Money Mkt EuroOp	EU	MM	VGB	02/19	EUR	51.16	0.1	0.2	1.5
GAM Money Mkt USD	US	MM	VGB	02/19	USD	100.00	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/15	EUR	112.39	1.1	1.0	-8.2
GAM Multi-Arb USD Op	OT	OT	VGB	02/15	USD	117.26	1.0	1.2	-8.6
GAM Multi-China EUR Op	OT	OT	VGB	02/15	EUR	160.39	-4.5	6.9	-6.1
GAM Multi-China USD Op	OT	OT	VGB	02/15	USD	169.03	-4.3	7.8	-6.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/15	GBP	128.79	-2.1	22.9	-0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/15	USD	637.69	-2.0	23.0	-1.0
GAM Multi-Eur EUR Op	OT	OT	VGB	02/15	EUR	264.04	-1.8	3.8	-7.2
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/15	EUR	135.86	-1.8	3.8	-7.2
GAM Multi-Eur II USD Op	OT	OT	VGB	02/15	USD	111.13	-1.7	3.7	-8.2
GAM Multi-Eur USD Op	OT	OT	VGB	02/15	USD	459.59	-1.7	3.7	-8.1
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/15	EUR	133.73	-0.2	8.6	-1.8
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/15	USD	217.57	-0.3	8.9	-2.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/15	EUR	139.69	-2.6	1.4	-3.1
GAM Multi-Pac USD Op	OT	OT	VGB	02/15	USD	161.37	-2.4	1.8	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/12	USD	2650.31	0.5	55.3	11.2
GAM Sing/Malaysia	AS	EQ	VGB	02/19	USD	2385.14	-5.5	59.9	-10.3
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/15	GBP	238.27	3.6	47.6	6.3
GAM Trading EUR Inc	OT	OT	VGB	02/15	EUR	322.64	-0.8	4.1	4.3
GAM Trading USD Inc	OT	OT	VGB	02/15	USD	966.04	-0.7	4.5	3.6
GAM Trdg II IncEUR Op	OT	OT	VGB	02/15	EUR	138.01	-0.8	4.0	4.2
GAM Trdg II IncUSD Op	OT	OT	VGB	02/15	USD	313.68	-0.7	4.5	3.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/15	EUR	145.60	-0.8	3.8	3.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/15	USD	153.35	-0.8	4.3	3.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/15	EUR	123.43	-0.8	3.8	3.8
GAM Trdg V IncUSD Op	OT	OT	VGB	02/15	USD	128.66	-0.7	4.3	3.4
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/15	EUR	155.67	-0.9	3.9	3.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/15	USD	161.30	-0.7	4.3	3.5
GAM USDSpecBondInc	US	BD	VGB	02/15	USD	554.93	4.7	83.6	9.4
GAM Worldwide	GL	EQ	VGB	02/19	USD	2118.82	-4.8	40.7	-9.5
GAMut Investments	OT	OT	VGB	02/17	USD	7645.54	0.9	2.2	7.0

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/19	CHF	10.44	-5.4	46.9	-13.2
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/19	EUR	11.42	-4.1	51.9	-8.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/19	GBP	1.49	-4.9	50.6	-0.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/19	USD	12.21	-9.0	63.4	-11.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/19	EUR	102.76	1.6	29.2	-9.3
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/19	EUR	99.45	1.6	29.2	-9.3
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/19	EUR	10.82	-1.6	31.2	-6.2
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/19	EUR	180.57	-1.4	29.9	-8.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/19	EUR	164.99	-1.4	29.8	-8.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/19	USD	14.98	-6.3	39.4	-12.1
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/19	USD	13.59	-6.3	39.3	-12.1
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/18	USD	5.57	1.5	43.8	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/19	EUR	90.61	3.0	22.9	-8.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/19	EUR	90.61	3.0	22.9	-8.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/19	JPY	918.80	-0.2	28.1	-18.7
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/19	USD	11.16	0.4	27.8	-13.4
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/19	USD	2133.70	-4.6	41.6	-9.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	02/22	USD	15.09	-1.2	38.2	-9.3
American Growth AA	US	EQ	LUX	02/22	USD	0.87	-1.2	37.8	-6.8
Asian Equity	AS	EQ	LUX	02/22	USD	2.31	-5.7	74.7	-8.6
Asian Equity AA	AS	EQ	LUX	02/22	USD	0.75	-5.7	74.0	-8.9
Asian Sm Cap Equity AA	AS	EQ	LUX	02/22	USD	1.12	-3.1	100.4	-2.3
China Value A	AS	EQ	LUX	02/22	USD	6.53	-8.2	60.5	-5.5
China Value AA	AS	EQ	LUX	02/22	USD	2.05	-8.3	60.1	-5.7
Dragon Growth	AS	EQ	LUX	02/22	USD	1.53	-6.8	64.2	-6.9
Dragon Growth AA	OT	OT	LUX	02/22	HKD	7.46	-6.7	63.8	-7.8
Emg Eastrn Europe A	EU	EQ	LUX	02/22	USD	4.52	-2.0	134.9	-15.7
Emg Eastrn Europe AA	EU	EQ	LUX	02/22	USD	1.94	-2.1	134.5	-15.9
European Growth	EU	EQ	LUX	02/22	USD	8.60	-6.1	63.7	-15.9
European Growth AA	EU	EQ	LUX	02/22	USD	0.61	-6.1	63.3	-16.1
Global Contrarain AA	GL	EQ	LUX	02/22	USD	0.91	3.5	118.7	NS
Global Property AA	OT	EQ	LUX	02/22	USD	0.65	-3.2	84.0	-12.2
Global Resources AA	OT	EQ	LUX	02/22	USD	1.06	-2.4	50.1	-14.9
Healthcare AA	OT	EQ	LUX	02/22	USD	0.95	0.1	17.8	NS
India Equity AA	EA	EQ	LUX	02/22	USD	1.02	-7.0	82.7	-13.2
International Growth	GL	EQ	LUX	02/22	USD	2.99	-2.1	37.6	-13.2
International Growth AA	GL	EQ	LUX	02/22	USD	0.69	-2.1	37.3	-13.4
Japanese Growth	JP	EQ	LUX	02/22	USD	2.76	0.3	30.0	-10.4
Japanese Growth AA	JP	EQ	LUX	02/22	USD	0.73	1.0	30.6	-10.3
Latin America Equity AA	GL	EQ	LUX	02/22	USD	1.24	-3.6	102.9	-6.4
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/22	USD	1.01	1.0	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/22	USD	1.11	-2.2	NS	NS
Russia Equity AA	EE	EQ	LUX	02/22	USD	0.66	6.0	159.8	-19.8
Taiwan Equity AA	AS	EQ	LUX	02/10	USD	0.97	-10.4	74.8	0.3
Turkey Equity AA	EE	EQ	LUX	02/22	USD	0.78	0.9	163.0	-3.1
U.S. Bond AA	US	BD	LUX	02/22	USD	1.12	1.4	17.9	8.0
U.S. Sm Cap Equity AA	US	EQ	LUX	02/22	USD	0.87	6.1	83.9	-6.6
U.S. Special Opportunities	OT	OT	LUX	02/22	USD	0.87	7.2	103.2	6.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/22	USD	1.14	-0.1	7.3	1.5

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Indonesian Grth Fund	EA	EQ	CYM	02/10	USD	124.51	-2.2	125.8	-3.3

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Asia Value Formula Fd-B	AS	EQ	CYM	02/19	USD	7.66	-4.5	91.0	-5.2

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Bonds Eur Hi Yld A	OT	OT	LUX	02/18	EUR	20.98	1.9	51.4	4.5
Bonds EURO A	OT	OT	LUX	02/18	EUR	41.27	0.5	4.2	4.6
Bonds EUROPE A	OT	OT	LUX	02/19	EUR	39.34	0.6	3.3	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	02/18	USD	37.21	0.8	14.8	7.9
Bonds World A	OT	OT	LUX	02/19	USD	41.03	-2.3	9.6	3.5
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/19	USD	9.61	-7.8	68.7	-11.1
Eq. China A	AS	EQ	LUX	02/19	USD	21.32	-11.7	53.3	-13.4
Eq. Concentrated Euroland A	OT	OT	LUX	02/18	EUR	88.35	-5.0	27.0	-15.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/18	EUR	26.17	-3.1	38.5	-14.5
Eq. Emerging Europe A	OT	OT	LUX	02/18	EUR	24.19	2.7	112.7	-21.0
Eq. Euroland A	EU	EQ	LUX	02/18	EUR	10.37	-4.2	29.3	-16.3
Eq. Euroland Small Cap A	OT	OT	LUX	02/18	EUR	139.96	-0.8	43.6	-7.7
Eq. EurolandCyclclsA	EU	EQ	LUX	02/18	EUR	17.62	-1.0	34.9	-11.6
Eq. EurolandFinancialA	OT	EQ	LUX	02/18	EUR	10.25	-9.4	56.7	-19.0
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/18	USD	8.85	-8.6	64.3	-15.8
Eq. Global A	GL	EQ	LUX	02/19	USD	27.11	-2.7	46.3	-11.0
Eq. Global Energy A	OT	OT	LUX	02/18	USD	17.59	-3.0	34.8	-13.5
Eq. Global Resources A	OT	OT	LUX	02/18	USD	106.70	-2.3	49.7	-11.6
Eq. Gold Mines A	OT	EQ	LUX	02/18	USD	29.37	-3.0	30.5	-3.3
Eq. India A	OT	OT	LUX	02/19	USD	121.37	-7.2	78.5	-15.5
Eq. Japan CoreAlpha A	OT	OT	LUX	02/19	JPY	7335.71	1.1	38.8	-9.4
Eq. Latin America A	OT	OT	LUX	02/18	USD	110.86	-4.6	82.8	-10.8
Eq. US Lg Cap Gr A	US	EQ	LUX	02/19	USD	14.99	-1.7	42.1	-9.2
Eq. US Rel Val A	US	EQ	LUX	02/18	USD	20.51	-0.4	51.1	-12.0
Eq. US Sm Cap Val A	US	EQ	LUX	02/19	USD	16.17	1.4	48.1	-15.1
Money Market EURO A	EU	MM	LUX	02/18	EUR	27.41	0.0	0.7	2.4
Money Market USD A	US	MM	LUX	02/18	USD	15.83	0.0	0.3	1.4

The National Investor

■ THE NATIONAL INVESTOR
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TNI Mena Real Estate Fund	OT	OT	BMU	02/11	USD	921.37	-4.1	6.6	-28.6
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/11	AED	5.06	-5.1	28.4	-34.3

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Intel-Chin MainInd Foc	AS	EQ	CYM	02/17	USD	28.46	-4.6	75.0	6.0
Intel-China Converg*	AS	EQ	CYM	02/17	USD	108.68	-4.7	75.0	4.0
VP Classic - A	AS	EQ	CYM	02/19	USD	175.50	-5.9	74.2	1.0
VP Classic - B	AS	EQ	CYM	02/19	USD	81.74	-6.0	73.3	0.5
VP High Dividend Stk	AS	EQ	CYM	02/17	USD	44.99	-1.0	80.1	5.5

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	02/15	JPY	8891.00	-6.0	19.9	-20.5
YMR-N Small Cap Fund	OT	OT	IRL	02/15	JPY	6576.00	-6.2	17.4	-20.4
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	02/22	JPY	5891.00	-4.2	18.2	-23.0
Yuki 77 Growth	JP	EQ	IRL	02/22	JPY	5400.00	-4.3	12.7	-26.6
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/22	JPY	6739.00	-1.3	28.2	-18.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/22	JPY	7652.00	1.5	16.8	-17.1
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/22	JPY	4607.00	-1.4	21.4	-22.4
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/22	JPY	5224.00	-0.5	19.9	-17.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/22	JPY	4815.00	-5.7	21.5	-19.8
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/22	JPY	4261.00	-3.6	22.3	-26.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/22	JPY	4479.00	-4.0	21.7	-26.6
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/22	JPY	6715.00	-3.7	32.4	-20.9
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/22	JPY	8374.00	-2.8	27.3	-18.8
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/22	JPY	6151.00	-3.3	20.4	-21.1
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/22	JPY	7559.00	-1.0	11.0	-19.9
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/22	JPY	5106.00	-1.6	25.5	-20.0
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/22	JPY	11496.00	-0.6	26.6	-14.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/22	JPY	7583.00	-4.7	20.2	-24.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/22	JPY	6653.00	-6.8	28.7	-21.6
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/22	JPY	5612.00	-0.6	26.5	-16.4
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/22	JPY	2641.00	-3.1	24.9	-25.0
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	02/22	JPY	5298.00	-2.3	27.0	-19.8

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Switzerland	0.06%	1.1%	50.8%
Sweden	-0.45	0.5	62.6
Japan	2.49	0.2	26.9
U.K.	0.01	-1.0%	39.7
Netherlands	0.06	-1.1	55.8
Canada	-0.21	-1.3	50.1
South Africa	0.12	-2.0	29.7
Russia	0.43	-2.3	100.2
Australia	2.00	-2.4	39.0
Turkey	-1.64	-2.6	111.3
South Korea	2.10	-3.9	52.0
Germany	-0.33	-4.7	38.6
France	-0.21	-4.9	40.0
Singapore	-0.06	-5.1	71.2
Italy	-0.02	-5.8	44.6
Hong Kong	2.21	-7.1	47.2
Brazil	-0.46	-7.2	102.0
Spain	-0.72	-9.7	28.7
China 88	-0.70	-10.8	28.4

Dow Jones Regional Sector Titans

Arab 50	0.34%	4.6%	32.6%
Nordic 30 -p	0.32	4.1	52.8
Travel Leisure	0.87	2.7	45.9
Pers H'hold Gds	0.73	2.2	46.2
EU Enlarged†-p	0.09	-1.7%	82.3
Asian 50	2.79	-1.9	51.5
Stoxx 50 -p	0.45	-2.4	39.0
Global 50	0.28	-3.8	41.3
Euro Stoxx 50 -p	0.54	-5.8	38.9
Tiger 50*	2.19	-6.2	67.3

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Mitsui	Japan	Industrial Suppliers	$27.9	1,405	3.92%	61.1%	-39.3%
Canon	Japan	Electronic Office Equipment	52.1	3,850	3.91	63.1	-41.9
CNOOC	Hong Kong	Exploration Production	70.3	12.22	3.74	74.1	89.5
Japan Tobacco	Japan	Tobacco	35.1	334,000	3.73	45.4	-37.0
Sony	Japan	Consumer Electronics	34.9	3,200	3.39	106.6	-49.9
Hon Hai Precision Ind	Taiwan	Electrical Cmpnnts Equipment	$35.8	134.50	unch.	134.4	-6.6
National Australia Bk	Australia	Banks	47.8	25.33	0.32%	42.3	-38.4
Sumitomo Mitsui Finl	Japan	Banks	42.4	2,874	0.67	-4.5	-75.9
Woolworths	Australia	Food Retailers Wholesalers	28.8	26.04	0.85	-6.8	-0.6
Taiwan Smcndtr Mfg	Taiwan	Semiconductors	47.7	59.00	1.03	31.8	-13.1

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
POSCO South Korea (Iron Steel)	36.4	551,000	3.38%	62.5%	47.3%
Seven I Hldgs Japan (Broadline Retailers)	19.9	2,015	3.17	-4.7	-47.8
Mitsubishi Japan (Industrial Suppliers)	41.0	2,282	3.16	92.1	-18.9
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.7	2,517	2.99	20.7	-45.4
PetroChina Hong Kong (Integrated Oil Gas)	23.8	8.75	2.94	47.6	-7.8
Mizuho Financial Grp Japan (Banks)	27.1	176.00	2.92	-5.4	-79.5
BHP Billiton Australia (General Mining)	127.3	42.16	2.83	43.8	43.8
Nippon Steel Japan (Iron Steel)	22.8	331.00	2.80	32.4	-60.6
KB Fncl Group South Korea (Banks)	17.3	51,600	2.79	86.5	-40.6
Shinhan Financial Grp South Korea (Banks)	17.6	42,500	2.78	85.2	-23.9
Honda Motor Japan (Automobiles)	63.7	3,180	2.75	47.2	-31.8
JFE Hldgs Japan (Iron Steel)	18.8	3,250	2.69	57.4	-58.4
China Life Ins Hong Kong (Life Insurance)	33.2	34.70	2.66	49.6	54.2
Aus NZ Bk Australia (Banks)	50.8	22.54	2.64	80.9	-25.0
Westpac Bking Australia (Banks)	68.4	26.12	2.59	60.1	-0.2
Nissan Motor Japan (Automobiles)	33.6	754.00	2.59	174.2	-46.0
Cheung Kong Hong Kong (Real Estate Holding Development)	28.0	93.95	2.57	42.8	-8.0
Commonwlth Bk of Aus Australia (Banks)	74.0	54.13	2.50	83.0	5.5
Tokyo Elec Power Japan (Conventional Electricity)	36.7	2,479	2.48	-8.2	-40.4
China Mobile (HK) Hong Kong (Mobile Telecommunications)	195.2	76.30	2.42	6.5	-1.1

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.2	55.10	2.32%	25.8%	-29.3%
Woodside Petroleum Australia (Exploration Production)	28.8	44.60	2.27	36.1	17.6
RioZim Ltd Australia (General Mining)	39.6	72.51	2.13	96.0	14.7
Panasonic Japan (Consumer Electronics)	29.6	1,304	2.11	24.9	-45.9
Shin-Etsu Chml Japan (Specialty Chemicals)	22.9	4,925	2.07	20.1	-35.5
East Japan Railway Japan (Travel Tourism)	26.1	6,030	2.03	9.6	-35.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	33.7	102.10	2.00	63.6	5.5
Kansai Elec Power Japan (Conventional Electricity)	21.9	2,090	2.00	-9.3	-42.3
Takeda Pharm Japan (Pharmaceuticals)	34.6	4,000	1.91	1.5	-51.2
QBE Ins Grp Australia (Reinsurance)	21.9	23.79	1.88	16.6	-29.5
Nippon T&T Japan (Fixed Line Telecommunications)	57.7	3,980	1.79	-5.0	-37.1
Samsung Elec South Korea (Semiconductors)	99.2	773,000	1.71	59.4	32.6
China Constr Bk Hong Kong (Banks)	169.5	5.86	1.56	47.6	25.8
NTT DoCoMo Japan (Mobile Telecommunications)	64.0	139,900	1.52	-7.6	-36.7
Indl Comm Bk China Hong Kong (Banks)	59.4	5.56	1.46	66.5	23.0
Mitsubishi UFJ Finl Japan (Banks)	69.4	456.00	1.33	6.8	-69.8
Westfield Grp Australia (Retail REITs)	24.3	11.71	1.30	19.3	-48.3
KDDI Japan (Mobile Telecommunications)	23.6	487,000	1.25	-0.2	-46.8
Toyota Motor Japan (Automobiles)	115.2	3,340	1.21	10.2	-59.7
Nintendo Japan (Toys)	34.3	24,480	1.12	-2.6	-25.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.28%	-1.54%	-0.6%	-1.6%	4.3%
Event Driven	0.74	-1.41	0.9	-0.5	13.2
Equity Long/Short	1.11	-1.39	2.3	0.6	4.1

*Estimates as of 02/18/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

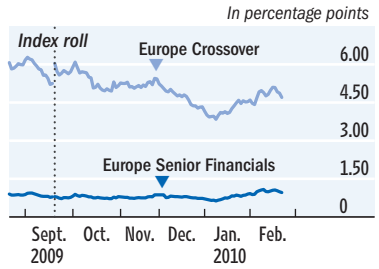
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.85	100.69%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.28	98.73	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.70	101.14	0.05	6.15	3.79	4.95
Asia ex-Japan IG: 12/1	1.20	99.12	0.01	1.34	0.87	1.08
Japan: 12/1	1.49	97.72	0.01	1.68	0.99	1.36

Note: Data as of February 19

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Shin Han Bk	129	-5	-1	3
Asahi Breweries	55	-4	-3	5
Hysan Dev	61	-4	3	-3
Mitsui Chems	147	-3	-1	8
Nippon Telegraph Tel	37	-3	-3	14
MISC	105	-2	...	4
Seiko Epson	72	-2	-1	14
Shimizu	174	-2	3	9
Osaka Gas	42	-2	-1	19
Hongkong Ld	80	-2	-5	2

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Japan Tob	45	3	...	10
Socialist Rep Vietnam	278	4	4	13
Mitsui Fudosan	98	4	4	20
Nomura Hldgs	218	5	6	19
Kawasaki Heavy Inds	180	5	20	36
East Japan Rwy	34	5	-4	12
Toshiba	173	5	8	27
Sanyo Shinpan Fin	704	6	54	68
Aeon	188	6	2	28
Taiheiyo Cem	543	16	46	60

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$5,455	9.1%	45%	29%	20%	6%
Bank of America Merrill Lynch	4,057	6.8	41	31	19	9
Goldman Sachs	4,044	6.8	47	20	31	1
Morgan Stanley	3,578	6.0	49	23	27	1
Citi	3,394	5.7	37	34	23	6
Credit Suisse	3,029	5.1	43	32	23	2
Deutsche Bank	2,800	4.7	36	40	20	5
UBS	2,785	4.7	47	24	27	2
Barclays Capital	2,026	3.4	21	53	19	7

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	374.00	2.25	0.61%	714.00	325.00
Soybeans (cents/bu.)	CBOT	957.00	2.50	0.26	1,087.50	819.75
Wheat (cents/bu.)	CBOT	499.50	-4.50	-0.89%	745.00	472.00
Live cattle (cents/lb.)	CME	93.100	-0.200	-0.21	95.175	85.050
Cocoa ($/ton)	ICE-US	3,087	-22	-0.71	3,514	2,066
Coffee (cents/lb.)	ICE-US	132.75	-4.30	-3.14	190.40	118.30
Sugar (cents/lb.)	ICE-US	25.13	-0.83	-3.20	29.00	11.90
Cotton (cents/lb.)	ICE-US	78.85	-0.13	-0.16	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,631.00	35	1.35	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,274	-7	-0.31	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,271	-32	-2.46	1,605	1,260
Copper (cents/lb.)	COMEX	332.70	-5.20	-1.54	355.00	140.00
Gold ($/troy oz.)	COMEX	1110.00	-11.30	-1.01	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1617.00	-24.30	-1.48	1,949.50	916.00
Aluminum ($/ton)	LME	2,145.00	41.00	1.95	2,356.50	1,288.00
Tin ($/ton)	LME	17,075.00	145.00	0.86	18,250.00	9,945.00
Copper ($/ton)	LME	7,364.50	142.50	1.97	7,695.00	3,215.00
Lead ($/ton)	LME	2,338.00	20.00	0.86	2,615.00	995.00
Zinc ($/ton)	LME	2,315.00	28.00	1.22	2,659.00	1,088.00
Nickel ($/ton)	LME	20,600	300	1.48	21,150	9,475
Crude oil ($/bbl.)	NYMEX	79.65	-0.16	-0.20	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0826	0.0032	0.15	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.2105	0.0101	0.46	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	4.887	-0.170	-3.36	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	78.11	-0.08	-0.10	83.58	51.55
Gas oil ($/ton)	ICE-EU	638.25	7.25	1.15	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 22

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2484	0.1905	3.8613	0.2590
Brazil real	2.4621	0.4061	1.8114	0.5521
Canada dollar	1.4171	0.7057	1.0426	0.9592
1-mo. forward	1.4172	0.7056	1.0426	0.9591
3-mos. forward	1.4173	0.7056	1.0427	0.9591
6-mos. forward	1.4176	0.7054	1.0429	0.9588
Chile peso	718.30	0.001392	528.45	0.001892
Colombia peso	2605.95	0.0003837	1917.20	0.0005216
Ecuador US dollar-f	1.3592	0.7357	1	1
Mexico peso-a	17.3994	0.0575	12.8007	0.0781
Peru sol	3.8732	0.2582	2.8495	0.3509
Uruguay peso-e	26.709	0.0374	19.650	0.0509
U.S. dollar	1.3592	0.7357	1	1
Venezuela bolivar	5.84	0.171306	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5108	0.6619	1.1115	0.8997
China yuan	9.2789	0.1078	6.8265	0.1465
Hong Kong dollar	10.5526	0.0948	7.7636	0.1288
India rupee	62.6954	0.0160	46.1250	0.0217
Indonesia rupiah	12627	0.0000792	9290	0.0001076
Japan yen	123.91	0.008070	91.16	0.010970
1-mo. forward	123.89	0.008072	91.15	0.010971
3-mos. forward	123.85	0.008075	91.11	0.010975
6-mos. forward	123.75	0.008081	91.05	0.010983
Malaysia ringgit-c	4.6191	0.2165	3.3983	0.2943
New Zealand dollar	1.9383	0.5159	1.4260	0.7013
Pakistan rupee	115.672	0.0086	85.100	0.0118
Philippines peso	62.770	0.0159	46.180	0.0217
Singapore dollar	1.9148	0.5222	1.4088	0.7098
South Korea won	1562.05	0.0006402	1149.20	0.0008702
Taiwan dollar	43.578	0.02295	32.060	0.03119
Thailand baht	45.052	0.02220	33.145	0.03017

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7357	1.3592
1-mo. forward	1.0000	1.0000	0.7357	1.3592
3-mos. forward	1.0001	0.9999	0.7358	1.3591
6-mos. forward	1.0005	0.9995	0.7361	1.3586
Czech Rep. koruna-b	25.739	0.0389	18.936	0.0528
Denmark krone	7.4430	0.1344	5.4758	0.1826
Hungary forint	270.42	0.003698	198.95	0.005026
Norway krone	8.0378	0.1244	5.9134	0.1691
Poland zloty	3.9641	0.2523	2.9164	0.3429
Russia ruble-d	40.757	0.02454	29.985	0.03335
Sweden krona	9.8037	0.1020	7.2126	0.1386
Switzerland franc	1.4647	0.6828	1.0776	0.9280
1-mo. forward	1.4644	0.6829	1.0773	0.9282
3-mos. forward	1.4637	0.6832	1.0768	0.9286
6-mos. forward	1.4625	0.6837	1.0760	0.9294
Turkey lira	2.0786	0.4811	1.5293	0.6539
U.K. pound	0.8772	1.1399	0.6454	1.5495
1-mo. forward	0.8774	1.1397	0.6455	1.5491
3-mos. forward	0.8778	1.1392	0.6458	1.5485
6-mos. forward	0.8783	1.1385	0.6462	1.5475
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5124	1.9515	0.3770	2.6525
Egypt pound-a	7.4650	0.1340	5.4920	0.1821
Israel shekel	5.1212	0.1953	3.7677	0.2654
Jordan dinar	0.9628	1.0387	0.7083	1.4118
Kuwait dinar	0.3937	2.5400	0.2897	3.4524
Lebanon pound	2042.27	0.0004897	1502.50	0.0006656
Saudi Arabia riyal	5.0973	0.1962	3.7501	0.2667
South Africa rand	10.5106	0.0951	7.7327	0.1293
United Arab dirham	4.9925	0.2003	3.6730	0.2723
SDR -f	0.8879	1.1263	0.6532	1.5309

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
50	**ASIA-PACIFIC**	DJ Asia-Pacific	120.70	2.81	2.38%	-1.9%	52.5%
...	Australia	SPX/ASX 200	4717.53	82.47	1.78	-3.1	40.8
...	China	CBN 600	26719.27	-126.05	-0.47%	-8.0	34.2
18	Hong Kong	Hang Seng	20377.27	483.25	2.43	-6.8	54.7
18	India	Sensex	16237.05	45.42	0.28	-7.0	83.6
...	Indonesia	Jakarta Composite	2564.263	9.887	0.39	1.2	95.4
...	Japan	Nikkei Stock Average	10400.47	276.89	2.74	-1.4	41.0
...		Topix	909.75	20.67	2.32	0.2	23.7
...	Malaysia	Kuala Lumpur Composite	1266.44	8.77	0.70	-0.5	42.6
...	New Zealand	NZSX-50	3129.754	22.666	0.73	-3.1	23.3
9	Pakistan	KSE 100	9953.07	50.45	0.51	6.0	70.1
14	Philippines	Manila Composite	3015.59	37.06	1.24	-1.2	59.5
...	Singapore	Straits Times	2757.46	0.32	0.01	-4.8	69.1
11	South Korea	Kospi	1627.10	33.20	2.08	-3.3	48.0
20	Taiwan	Weighted	7560.04	118.20	1.59	-7.7	68.8
10	Thailand	SET	705.80	5.36	0.77	-3.9	62.3
58	**EUROPE**	DJ Stoxx 600	249.59	-0.71	-0.28	-1.4	42.2
23		DJ Stoxx 50	2508.97	-13.37	-0.53	-2.7	39.0
70	**Euro Zone**	DJ Euro Stoxx	261.32	-0.99	-0.38%	-4.9%	40.3%
21		DJ Euro Stoxx 50	2777.74	-15.63	-0.56	-6.4	39.1
21	Denmark	OMX Copenhagen	338.35	1.93	0.57%	7.2	47.0
20	Finland	OMX Helsinki	6694.99	22.93	0.34	3.7	47.5
16	France	CAC-40	3756.70	-12.84	-0.34	-4.6	37.7
20	Germany	DAX	5688.44	-33.61	-0.59	-4.5	44.5
14	Italy	FTSE MIB	21704.78	-67.55	-0.31	-6.6	41.0
...	Netherlands	AEX	325.12	-0.48	-0.15	-3.0	45.2
...	Russia	RTSI	1423.13		Closed	-0.3	175.1
10	Spain	IBEX 35	10570.5	-106.2	-0.99	-11.5	40.2
16	Switzerland	SMI	6687.41	-22.27	-0.33	2.2	39.4
...	Turkey	ISE National 100	52592.88	-726.09	-1.36	-0.4	119.2
13	U.K.	FTSE 100	5352.07	-6.10	-0.11	-1.1	39.0
19	**AMERICAS**	DJ Americas	294.78	-0.42	-0.14	-0.6	54.4
...	Brazil	Bovespa	67338.48	-258.95	-0.38	-1.8	73.9
...	Argentina	Merval	2341.00	6.01	0.26	0.9	129.9
19	Mexico	IPC	32125.58	-46.53	-0.14	...	77.8

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.16%	22	**Global TSM**	2267.87	16.94	0.75%	-2.2%	57.0%	-8.3%
1.94	20	**Global DOW**	1903.95	10.36	0.55	-4.1	52.4	-5.4
2.84	15	**Global Titans 50**	167.00	0.47	0.28	-3.8	41.3	-10.3
2.17	40	**Asia/Pacific TSM**	1193.31	27.34	2.35	-1.9	57.0	-6.7
2.42	15	**Asia/Pacific ex-Japan TSM**	2932.75	52.40	1.82	-4.6	86.6	-1.0
2.70	17	**Europe TSM**	2511.39	15.69	0.63	-6.2	54.0	-11.9
1.83	14	**Emerging Markets TSM**	3910.49	29.71	0.77	-3.6	92.1	-0.4
2.72	42	**Asian Titans 50**	131.72	3.57	2.79	-1.9	51.5	-8.5
6.29	6	**BRIC 50**	558.86	4.61	0.83	-6.5	91.3	3.9
0.88	27	**CBN China 600** -c	26719.27	-126.05	-0.47	-8.0	34.2	8.6
2.37	18	**China Offshore 50**	3761.83	79.74	2.17	-7.8	53.5	3.9
0.91	30	**Shanghai** -c	359.53	-1.23	-0.34	-7.3	34.9	8.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.60%	44	**Shenzhen** -c	391.68	-1.02	-0.26%	-6.0%	47.3%	14.8%
1.82	24	**U.S. TSM**	11391.28	0.00	0.00	0.1	52.4	-8.2
4.94	14	**Global Select Div** -d	193.21	1.54	0.81	-4.3	89.7	-11.0
5.55	14	**Asia/Pacific Select Div** -d	263.69	4.31	1.66	-1.8	102.9	-11.1
4.18	15	**Hong Kong Select Div** -d	187.94	1.65	0.89	0.3	52.6	-0.5
4.16	15	**U.S. Select Dividend** -d	318.73	-0.28	-0.09	1.0	51.9	-14.6
2.09	15	**Islamic Market**	1935.13	5.39	0.28	-2.0	49.6	-3.3
2.39	16	**Islamic Market 100**	2068.93	0.83	0.04	-2.5	37.5	-3.6
2.78	16	**Islamic China/HK Titans 30**	1441.27	31.57	2.24	-3.0	51.3	0.3
1.26	12	**Sustainability Korea**	1175.05	37.67	3.31	-2.5	96.8	-1.2
4.34	17	**Brookfield Infrastructure**	1980.59	7.18	0.36	-2.3	45.6	-4.9
		DJ-UBS Commodity -p	134.84	0.64	0.48	-3.1	31.1	-7.1

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.111	0.645	1.043	6.827	0.736	7.764	46.125	9290.23	91.160	1.426	1149.20	3.398	46.180	1.409	1.078	32.060	33.145
Australia	0.900		0.581	0.938	6.142	0.662	6.985	41.499	8358.42	82.017	1.283	1033.94	3.057	41.548	1.267	0.969	28.844	29.821
Britain	1.549	1.722		1.615	10.577	1.140	12.029	71.468	14394.74	141.248	2.210	1780.63	5.265	71.554	2.183	1.670	49.675	51.357
Canada	0.959	1.066	0.619		6.548	0.706	7.447	44.242	8911.06	87.439	1.368	1102.30	3.260	44.295	1.351	1.034	30.752	31.792
China	0.1465	0.163	0.095	0.153		0.108	1.137	6.757	1360.91	13.354	0.209	168.34	0.498	6.765	0.206	0.158	4.696	4.855
Euro	1.359	1.511	0.877	1.417	9.279		10.553	62.695	12627.74	123.909	1.938	1562.05	4.619	62.770	1.915	1.465	43.578	45.052
Hong Kong	0.129	0.143	0.083	0.134	0.879	0.095		5.941	1196.65	11.742	0.184	148.03	0.438	5.948	0.181	0.139	4.130	4.269
India	0.0217	0.0241	0.0140	0.0226	0.1480	0.0160	0.1683		201.41	1.9764	0.0309	24.91	0.0737	1.0012	0.0305	0.0234	0.6951	0.7186
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0098	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.085	0.506	101.91		0.016	12.61	0.037	0.507	0.015	0.012	0.352	0.364
New Zealand	0.701	0.779	0.453	0.731	4.787	0.516	5.444	32.345	6514.77	63.926		805.88	2.383	32.384	0.988	0.756	22.482	23.243
South Korea	0.0009	0.0010	0.0006	0.0009	0.0059	0.0006	0.0068	0.0401	8.08	0.0793	0.0012		0.0030	0.0402	0.0012	0.0009	0.0279	0.0288
Malaysia	0.294	0.327	0.190	0.307	2.009	0.216	2.285	13.573	2733.83	26.826	0.420	338.17		13.589	0.415	0.317	9.434	9.754
Philippines	0.022	0.024	0.014	0.023	0.148	0.016	0.168	0.999	201.17	1.974	0.031	24.89	0.074		0.031	0.023	0.694	0.718
Singapore	0.710	0.789	0.458	0.740	4.846	0.522	5.511	32.742	6594.66	64.710	1.012	815.76	2.412	32.781		0.765	22.758	23.528
Switzerland	0.928	1.031	0.599	0.968	6.335	0.683	7.205	42.805	8621.62	84.599	1.323	1066.49	3.154	42.856	1.307		29.753	30.760
Taiwan	0.031	0.035	0.020	0.033	0.213	0.023	0.242	1.439	289.78	2.843	0.044	35.85	0.106	1.440	0.044	0.034		1.034
Thailand	0.030	0.034	0.019	0.031	0.206	0.022	0.234	1.392	280.29	2.750	0.043	34.67	0.103	1.393	0.043	0.033	0.967	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 22, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	LOCAL-CURRENCY PERFORMANCE YTD	LOCAL-CURRENCY PERFORMANCE 52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	289.64	0.48%	-3.3%	39.2%
2.50	27	**World (Developed Markets)**	1,134.45	0.40	-2.9	35.2
1.80	116	**World Small Cap**	189.80	0.29	-0.2	53.2
2.60	22	**Kokusai (World ex-Japan)**	1,123.52	0.11	-3.1	38.5
3.00	27	**EAFE**	1,490.05	1.05	-5.7	33.6
2.10	20	**Emerging Markets (EM)**	933.35	1.04	-5.7	76.3
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	389.46	1.57	-6.5	70.6
2.10	22	**AC Far East ex-Japan**	417.38	1.76	-7.2	62.8
1.70	-36	**Japan**	556.21	-1.78	-2.1	13.7
2.00	19	**China**	58.73	-2.77	-9.4	56.9
0.90	37	**China A (China Domestic)**	3,104.25	0.00	-8.2	61.0
2.70	22	**Hong Kong**	9,570.84	-1.94	-6.0	45.3
1.00	20	**India**	661.50	-0.98	-6.4	82.4
1.10	16	**Korea**	452.16	-1.81	-6.0	41.3
2.40	19	**Malaysia**	461.95	-0.15	-1.7	41.1
3.10	17	**Singapore**	1,532.60	-0.28	-5.7	55.5
2.60	232	**Taiwan**	269.24	0.00	-9.0	68.7
3.00	18	**Thailand**	282.61	0.61	-6.3	58.2
4.00	24	**Australia**	957.68	-0.44	-4.3	31.5
5.40	16	**New Zealand**	83.21	0.02	-4.6	3.8
1.90	32	**US BROAD MARKET**	1,236.27	-0.24	-0.1	37.4
3.40	17	**EUROPE**	86.92	0.47	-1.5	29.9

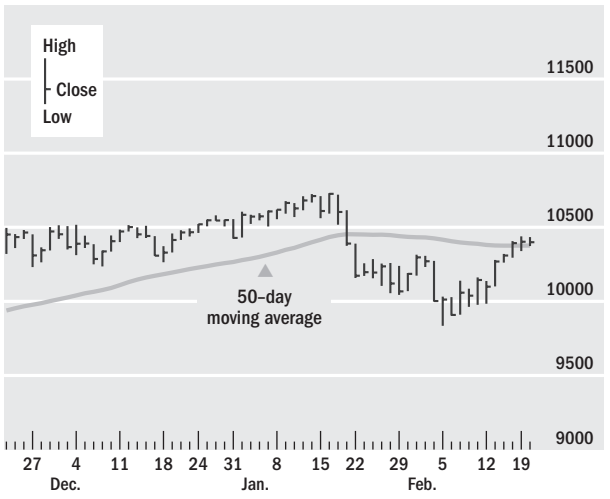
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

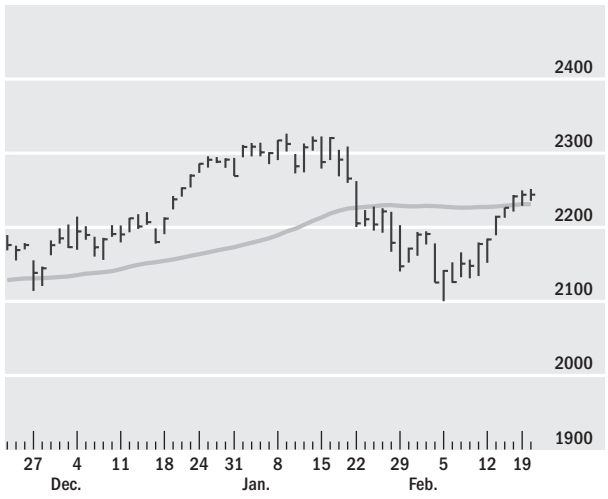
Dow Jones Industrial Average P/E: 16

LAST: **10399.03** ▼ 3.32, or 0.03%
YEAR TO DATE: ▼ **29.02, or 0.3%**
OVER 52 WEEKS ▲ **3,284.25, or 46.2%**



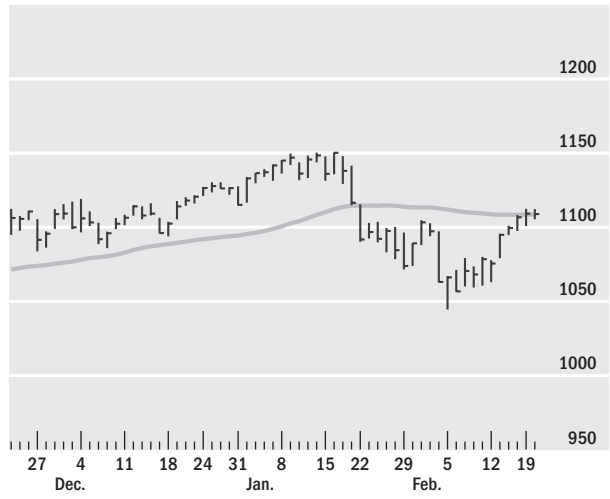
Nasdaq Composite Index P/E: 19*

LAST: **2243.97** ▲ 0.10, or unch
YEAR TO DATE: ▼ **25.18, or 1.1%**
OVER 52 WEEKS ▲ **856.25, or 61.7%**



S&P 500 Index P/E: 26

LAST: **1108.90** ▼ 0.27, or 0.02%
YEAR TO DATE: ▼ **6.20, or 0.6%**
OVER 52 WEEKS ▲ **365.57, or 49.2%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**15.50**	$24.99	-0.11	**-0.43%**
Alcoa	AA	**14.10**	13.51	-0.02	**-0.15**
AmExpress	AXP	**3.30**	38.91	-0.15	**-0.38**
BankAm	BAC	**81.60**	16.14	0.26	**1.64**
Boeing	BA	**2.30**	63.84	0.25	**0.39**
Caterpillar	CAT	**3.90**	58.49	0.24	**0.41**
Chevron	CVX	**3.90**	73.11	-0.94	**-1.27**
CiscoSys	CSCO	**13.40**	24.26	-0.11	**-0.43**
CocaCola	KO	**3.00**	55.47	-0.25	**-0.45**
Disney	DIS	**2.70**	31.33	0.10	**0.32**
DuPont	DD	**2.30**	34.00	-0.03	**-0.09**
ExxonMobil	XOM	**8.90**	65.39	-0.48	**-0.73**
GenElec	GE	**20.00**	16.25	0.08	**0.49**
HewlettPk	HPQ	**5.70**	50.37	-0.42	**-0.83**
HomeDpt	HD	**7.30**	30.32	0.17	**0.56**
Intel	INTC	**18.00**	20.73	-0.09	**-0.43**
IBM	IBM	**1.80**	126.87	-0.32	**-0.25**
JPMorgChas	JPM	**18.90**	40.55	0.52	**1.30**
JohnsJohns	JNJ	**4.10**	63.64	-0.17	**-0.27**
KftFoods	KFT	**8.80**	29.02	0.10	**0.35**
McDonalds	MCD	**1.80**	64.73	-0.01	**-0.02**
Merck	MRK	**10.00**	36.93	-0.56	**-1.49**
Microsoft	MSFT	**15.50**	28.71	-0.06	**-0.21**
Pfizer	PFE	**35.30**	18.09	0.10	**0.56**
ProctGamb	PG	**3.70**	63.60	0.15	**0.24**
3M	MMM	**1.00**	80.82	-0.70	**-0.86**
TravelersCos	TRV	**1.70**	52.98	0.10	**0.19**
UnitedTech	UTX	**1.40**	68.50	-0.02	**-0.03**
Verizon	VZ	**5.30**	28.94	-0.08	**-0.28**
WalMart	WMT	**4.90**	53.49	0.00	**0.00**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**102.4**	$3.43	$0.01	**0.29%**
SmithInt	SII	**83.1**	40.39	2.69	**7.12**
BankAm	BAC	**81.6**	16.15	0.27	**1.70**
SPDR S&P 500	SPY	**65.8**	111.00	–0.14	**–0.13**
Schlumbgr	SLB	**53.0**	60.59	–3.31	**–5.18**
SiriusXM	SIRI	**46.8**	1.13	0.05	**4.63**
PwrShrs QQQ	QQQQ	**37.6**	44.64	–0.19	**–0.42**
Pfizer	PFE	**35.3**	18.09	0.10	**0.56**
iShrMSCIEmrgMkt	EEM	**28.1**	39.38	0.00	**–0.01**
SPDR FnclSelSct	XLF	**27.4**	14.58	0.12	**0.83**
DrxFinancBear 3x	FAZ	**23.1**	18.00	–0.38	**–2.07**
Xenoport	XNPT	**22.7**	9.63	1.25	**14.92**
iShrRu2000	IWM	**21.2**	63.24	0.18	**0.29**
SprintNextel	S	**21.1**	3.47	–0.02	**–0.57**
GenElec	GE	**20.0**	16.25	0.08	**0.49**

...Biggest losers

BnkCarolinas	BCAR	**4.1**	$4.41	-$0.87	**-16.49%**
ChnXD Plastc	CXDC	**557.9**	7.65	-1.19	**-13.46**
ChinaSkyOneMed	CSKI	**652.7**	15.50	-2.40	**-13.41**
UntdWestBncp	UWBK	**447.7**	2.29	-0.35	**-13.26**
OverIndStrg	OVRL	**17.0**	2.14	-0.31	**-12.61**

Biggest gainers...

NewcastleInv pfD	NCTD	**35.4**	$12.20	$3.09	**33.92%**
Newcastle pfC	NCTC	**14.6**	12.15	3.04	**33.37**
Nwcastle pfB	NCTB	**69.5**	12.60	3.10	**32.63**
ManSangIntl	MHJ	**106.8**	3.51	0.76	**27.64**
GrnPlnsRenew	GPRE	**1,133.5**	16.77	2.63	**18.60**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**4,697.2**	$10.05	0.03	**0.30%**
4.24	1.65	**Utd Microelectronics**	UMC	**4,143.0**	3.67	0.00	**0**
82.74	33.09	**BHP Billiton**	BHP	**2,112.9**	75.10	0.16	**0.21**
13.30	6.35	**AU Optrncs**	AUO	**1,957.9**	11.01	-0.49	**-4.26**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**1,590.5**	6.31	-0.19	**-2.88**
15.95	8.74	**China Unicom**	CHU	**1,060.1**	11.09	0.05	**0.45**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**795.8**	4.96	-0.01	**-0.20**
59.22	40.20	**China Mobile**	CHL	**607.0**	49.09	0.30	**0.61**
18.64	12.59	**SK Telecom**	SKM	**573.2**	17.23	0.09	**0.52**
91.97	56.79	**Toyota Motor**	TM	**571.9**	73.21	-0.14	**-0.19**
5.23	1.57	**Adv Semi Engrg**	ASX	**524.7**	4.41	0.05	**1.15**
59.13	22.61	**Infosys Tech**	INFY	**470.0**	55.93	-0.06	**-0.11**
35.59	15.64	**Sony**	SNE	**382.0**	34.69	0.26	**0.76**
9.50	3.96	**Nomura Hldgs**	NMR	**335.7**	7.15	0.05	**0.70**
21.22	16.33	**ChunghwaTel**	CHT	**266.8**	18.62	-0.14	**-0.75**
9.82	5.43	**Telecom Corp of NZ**	NZT	**263.7**	8.35	0.05	**0.60**
18.20	6.85	**Korea Elec Pwr**	KEP	**245.3**	16.68	0.04	**0.24**
34.27	10.70	**Aluminum Cp of China**	ACH	**235.6**	23.78	0.25	**1.06**
4.98	1.55	**SemiMfgInt**	SMI	**212.6**	4.90	0.56	**12.90**
81.00	38.70	**China Life Ins**	LFC	**205.2**	67.04	0.62	**0.93**
135.92	63.94	**PetroChina**	PTR	**171.1**	112.26	0.91	**0.82**
13.45	2.00	**City Telecom**	CTEL	**156.4**	12.47	0.42	**3.49**
43.95	21.23	**Canon**	CAJ	**145.7**	42.03	0.94	**2.29**
21.78	11.30	**KT Corp**	KT	**128.1**	20.20	0.16	**0.80**
37.23	20.72	**Honda Motor**	HMC	**124.0**	34.57	0.22	**0.64**
171.59	75.59	**CNOOC**	CEO	**112.5**	156.89	1.89	**1.22**
27.46	12.69	**Tata Communications**	TCL	**100.2**	13.07	-0.02	**-0.15**
150.50	47.09	**POSCO**	PKX	**99.2**	120.25	2.45	**2.08**
16.70	13.11	**NTT DoCoMo**	DCM	**98.1**	15.29	0.11	**0.72**
17.19	10.60	**Matsushita Elec**	PC	**92.1**	14.22	0.07	**0.49**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

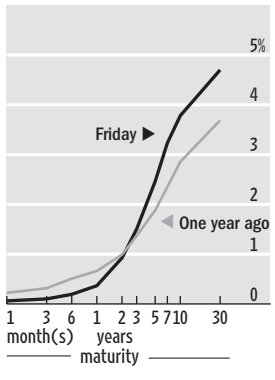
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.680%**	**378.1**	373.6	356.8	**177.6**	**4.660%**	4.369%	**2.724%**
4.500	10	**5.665**	**187.3**	183.9	188.0	**137.4**	**5.625**	5.489	**4.169**
5.000	**Austria** 2	**1.437**	**53.8**	51.6	81.0	**46.0**	**1.440**	1.611	**1.408**
3.900	10	**3.717**	**-7.5**	-7.6	8.2	**139.6**	**3.710**	3.691	**4.191**
2.000	**Belgium** 2	**1.213**	**31.4**	35.7	66.8	**43.3**	**1.281**	1.469	**1.381**
3.750	10	**3.789**	**-0.3**	-0.1	21.3	**140.2**	**3.785**	3.822	**4.197**
1.500	**Canada** 2	**1.386**	**48.7**	47.2	36.7	**27.6**	**1.396**	1.168	**1.224**
3.750	10	**3.507**	**-28.5**	-28.1	-23.6	**7.7**	**3.505**	3.373	**2.872**
4.000	**Denmark** 2	**1.787**	**88.8**	90.8	107.0	**138.5**	**1.832**	1.871	**2.333**
4.000	10	**3.580**	**-21.2**	-19.5	-7.7	**69.0**	**3.591**	3.532	**3.485**
3.750	**France** 2	**1.049**	**15.0**	15.1	23.8	**60.2**	**1.075**	1.039	**1.550**
3.500	10	**3.567**	**-22.5**	-20.2	-13.1	**74.9**	**3.584**	3.478	**3.544**
1.250	**Germany** 2	**0.993**	**9.4**	8.7	30.3	**33.9**	**1.011**	1.104	**1.287**
3.250	10	**3.279**	**-51.3**	-50.5	-40.1	**22.4**	**3.281**	3.208	**3.019**
0.640	**Hong Kong** 2	**0.808**	**-9.1**	-10.6	-22.1	**-25.1**	**0.818**	0.580	**0.697**
2.160	10	**3.130**	**-66.2**	-63.4	-72.7	**-107.1**	**3.152**	2.882	**1.724**
5.000	**Italy** 2	**1.520**	**62.1**	60.0	89.9	**119.4**	**1.524**	1.700	**2.142**
4.250	10	**4.079**	**28.7**	29.7	49.6	**164.2**	**4.083**	4.105	**4.437**
0.200	**Japan** 2	**0.160**	**-73.9**	-75.5	-63.6	**-55.3**	**0.169**	0.165	**0.395**
1.300	10	**1.348**	**-244.4**	-244.6	-227.4	**-151.9**	**1.340**	1.335	**1.276**
2.500	**Netherlands** 2	**1.042**	**14.3**	12.3	-9.2	**71.7**	**1.047**	0.709	**1.665**
3.500	10	**3.547**	**-24.5**	-23.7	-18.5	**106.2**	**3.549**	3.424	**3.857**
3.200	**Portugal** 2	**1.402**	**50.3**	48.1	62.2	**86.4**	**1.405**	1.423	**1.812**
4.800	10	**4.607**	**81.5**	59.7	68.8	**166.0**	**4.383**	4.297	**4.455**
5.350	**Spain** 2	**1.363**	**46.4**	45.0	70.3	**116.7**	**1.374**	1.504	**2.115**
4.000	10	**4.013**	**22.1**	25.7	52.9	**139.7**	**4.043**	4.138	**4.192**
2.750	**Switzerland** 2	**0.381**	**-51.8**	-54.3	-16.3	**-57.4**	**0.381**	0.638	**0.374**
2.250	10	**1.991**	**-180.1**	-179.5	-157.2	**-68.0**	**1.991**	2.037	**2.115**
3.250	**U.K.** 2	**1.136**	**23.7**	23.7	44.1	**53.6**	**1.161**	1.242	**1.484**
3.750	10	**4.240**	**44.8**	48.6	31.3	**61.9**	**4.272**	3.922	**3.414**
0.875	**U.S.** 2	**0.899**	**...**	...	...	**...**	**0.924**	0.801	**0.948**
3.625	10	**3.792**	**...**	...	...	**...**	**3.786**	3.609	**2.795**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.701%**	16.04	–2.85%	–0.49%	–0.49%	–11.75%
10-year Treasury	**3.782**	8.30	–1.16	0.99	0.99	–4.06
7 Year Treasury	**3.234**	6.19	–0.74	1.56	1.56	...
Five-year Treasury	**2.462**	4.65	–0.38	1.26	1.26	1.68
Ryan Index	**2.768**	6.67	–0.90	0.84	0.84	–1.21
3 Year Treasury	**1.504**	2.92	–0.15	0.99	0.99	2.81
Two-year Treasury	**0.924**	1.93	–0.13	0.65	0.65	2.18
1 Year Treasury	**0.366**	0.97	–0.03	0.17	0.17	1.28
Six-month Treasury	**0.193**	0.50	...	0.03	0.03	0.66
Ryan Cash Index-a	**0.180**	0.45	–0.01	0.06	0.06	0.61
Three-month bill	**0.101**	0.25	0.01	0.02	0.02	0.36
One-month bill	**0.061**	0.07	...	...	...	0.13

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.52**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.47375%
Three month	**0.25219**	1.24875
Six month	**0.39313**	1.75125
One year	**0.87313**	2.06125

	Latest	52 wks ago
Euro Libor		
One month	**0.38563%**	1.56500%
Three month	**0.60625**	1.86813
Six month	**0.91813**	1.97500
One year	**1.20938**	2.07250
Hibor		
One month	**0.06929**	0.17429%
Three month	**0.13000**	0.77786
Six month	**0.25000**	1.11714
One year	**0.55000**	1.56714
Asian dollars		
One month	**0.2376%**	0.47%
Three month	**0.2566**	1.2420
Six month	**0.3960**	1.7320
One year	**0.8620**	2.0500

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.18%**	0.28%
U.K. (BBA)	**0.520**	0.825
Euro zone	**0.29**	1.26

Sources: WSJ Market Data Group; Reuters

MARKETS

The woman behind Greek debt deal

Goldman executive in London was architect of transaction that has come under scrutiny by European officials

The architect of **Goldman Sachs Group** Inc.'s controversial 2001 trade with the Greek government is a top executive in the bank's London office with a yen for yoga and a command of Greek.

*By **Kate Kelly** in New York and **Cassell Bryan-Low** and **Dana Cimilluca** in London*

Colleagues say 46-year-old Antigone Loudiadis, who has a given name from classical mythology but goes by the nickname "Addy," was the woman behind the deal.

A complex and long-dated arrangement, the trade she set up allowed Greece to reduce its outstanding debt by converting the debt into euros and then restructuring the debt at more favorable rates. Undertaken privately, it helped mask Greece's true indebtedness until recently, when the country's finances fell under scrutiny by public markets, critics say.

To skeptics, the trade was typical of Greece's devil-may-care attitude toward fiscal responsibility. For Goldman, the trade generated fees of as much as $300 million, according to the people familiar with the matter—a windfall that left traders in the firm's London marveling at Ms. Loudiadis's deal-making prowess.

Though the transaction occurred nearly a decade ago, it has come under scrutiny by European Union officials as they examine how Greece fell into such dire economic straits.

Ms. Loudiadis became a Goldman partner in 2000. A cerebral Oxford University graduate, she was eventually named co-head of the company's investment-banking group in Europe, making as much as $12 million in annual compensation, according to someone familiar with the matter.

Ms. Loudiadis, now chief executive of Rothesay Life Ltd., a Goldman-owned insurance company, couldn't be reached for comment for this article. Bank Vice Chairman Michael Sherwood, who sits on Rothesay's board, praised her. "Addy is a consummate professional," he said in a statement. "She is smart, thoughtful and highly valued. In short, she is a critical member of our team in Europe."

Though she had spent years in Britain, where she is a citizen, she also had ties to some far-flung places—including Nigeria, where she was born, and Greece, where she had family roots, say people familiar with her background.

Selling derivatives, Ms. Loudiadis quickly impressed superiors, say people who were there at the time. She was promoted to run derivatives marketing in London and, later, the entire sales force that pitched securities to clients around Europe.

Guided by Ms. Loudiadis in the 1990s, Goldman set up a series of currency "swap" trades for Greece, enabling the country to use favorable exchange rates to record some of its debts. By 2001, when those rates had become unattractive, Ms. Loudiadis helped Greece structure a different trade that enabled the government to continue using advantageous rates for accounting purposes.

Reuters

Goldman earned about $300 million from creating a trade for Greece in 2001. Here, the investment bank's office in London.

Firm created to route cash

BY CARRICK MOLLENKAMP

Greece's fiscal woes, the exposure of the European financial system to them and the role played by Wall Street in hiding the problems all converge in a fifth-floor office near London's Liverpool Street station where a company called **Titlos** PLC was created in early 2009.

Just 22 days after Titlos was born, the **National Bank of Greece** SA and **Goldman Sachs Group** Inc. arranged for the company to sell €5.1 billion, or about $6.96 billion, in notes, according to U.K. and U.S. documents.

But Titlos wasn't a real company and the notes weren't designed for ordinary investors. Titlos doesn't make anything and its only directors are two British executives who work for a firm that specializes in the formation of corporations and the sale of pooled assets.

Instead, Titlos, descendent of a 2001 deal to help Greece hide debt, was set up to take advantage of a European Central Bank effort to inject cash into a banking market hobbled by the financial crisis. Titlos's notes were designed to be pledged for that program, according to filings by Titlos and the National Bank of Greece, and the buyer was the bank itself.

The history of Titlos also illustrates how bank and government dealings, often deeply intertwined, can complicate efforts to unclog a global banking system.

Gustavo Piga, a professor at the University of Rome Tor Vergata, says the opaque derivative trades that Greece and other countries engaged in "tarnishes the reputation of government" as it tries to police financial markets. "There is this huge mortal embrace between the government and the banks," Mr. Piga says. "It creates huge conflicts of interest in the actions of government."

Behind Titlos and the notes sale are Goldman and the National Bank of Greece, a 169-year-old institution whose operations span Eastern Europe into Turkey, Serbia and Romania. The bank isn't the country's central bank, though the government owns a 12% stake through its pension system.

Goldman, the National Bank of Greece and the Greek government have long had close ties. Last week, Greece named Petros Christodoulou, who worked at both Goldman and the National Bank of Greece, as the government's new debt chief.

Titlos's origin dates to a complex transaction that at its crux called for Goldman to lend Greece €2.4 billion. The structure permitted Greece to lower the debt it had.

Over the next decade, the structure would prove to be malleable—and legal. In total, from 1998 to 2000, Goldman structured 12 currency-swap agreements with Greece, leading up to the 2001 transaction.

Greece's finance minister said last week the original transaction met with the legal standards of the European Union's statistics watchdog. Moody's Ratings Service rated the 2009 deal.

"This was a unique deal," says Christoforos Sardelis, the head of Greece's debt-management agency from 1999 to 2004. "It was made public, and there was no violation of any rules."

To hedge its credit risk, Goldman carried out a transaction with a small Dublin firm. The investment bank also agreed to a new deal with Greece that was structured as a way to hedge interest-rate risk. That deal compensated Goldman for losses it was experiencing from the currency swap, according to a person familiar with the transaction.

Goldman then exited from the interest-rate-swap deal in 2005 when the National Bank of Greece replaced Goldman as Greece's trading partner, according to people familiar with that transaction.

In late 2008, with the financial crisis peaking and banks struggling to borrow from one another or sell pooled assets, Goldman and the National Bank of Greece identified a way to turn that interest-rate transaction into an asset that could be pledged at the European Central Bank for money as part of a program the ECB had set up to exchange collateral for billions of euros in loans.

The program ended up offering a way for banks to easily make money because they could use the ECB's cheap money to obtain or hold higher-yielding assets in what is known as a carry trade. The moves then freed up liquidity for banks, including those in Greece that have been big users of the ECB program.

"The ECB knew this was happening and decided that they wanted to play along in order to get liquidity out there," said Darrell Duffie, a Stanford University finance professor and derivatives expert.

An ECB spokeswoman declined to comment.

U.K. documents show that Titlos, which filed its incorporation records on Feb. 4, 2009, is housed in a London financial district office occupied by **Wilmington Trust SP Services (London)** Ltd., a firm that caters to corporation formations and securitizations. Both Titlos directors work for U.S. bank Wilmington Trust. One director, who describes his occupation as a "director of special purpose companies for financing transactions," also serves as a director of nearly 200 other enterprises, the U.K. documents show.

To finalize the deal, the National Bank of Greece transferred, or novated, its role as counterparty to Greece to Titlos, which now meant that cash flow from Greece would be running through Titlos and that Titlos would sell notes that then could be pledged to the ECB.

A Titlos prospectus indicates that Greece isn't on the hook for a collateral payment to Titlos if Greece is downgraded. The National Bank of Greece, which remained in the transaction to provide hedges for Titlos, is responsible for collateral payments if the bank is downgraded to certain levels, according to Moody's.

—Charles Forelle, Alkman Granitsas, David Crawford and Susanne Craig contributed to this article.

LEGAL NOTICES

BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: MIG, INC. (f/k/a Metromedia International Group, Inc.), Debtor. | Chapter 11 Case No. 09-12118 (KG)

NOTICE OF BAR DATES FOR FILING PROOFS OF CLAIM ON ACCOUNT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR

TO: ALL CREDITORS, INTEREST HOLDERS AND OTHER PARTIES IN INTEREST WITH CLAIMS OR INTERESTS AGAINST THE ABOVE-CAPTIONED DEBTOR

PLEASE TAKE NOTICE THAT:

On December 17, 2009 and February 18, 2010, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered orders (the "Bar Date Orders") in the chapter 11 case of MIG, Inc. (f/k/a Metromedia International Group, Inc.) (the "Debtor") in accordance with Rule 3003(c) of the Federal Rules of Bankruptcy Procedure fixing **March 10, 2010, at 4:00 p.m.** (prevailing Eastern time) (the "Bar Date"): (a) as the last day for filing proofs of claim in this chapter 11 case for all claims or interests in the Debtor arising prior to June 18, 2009 (the "Petition Date"); and (b) as the last day for all governmental units, as defined in section 101(27) of title 11 of the United States Code (the "Bankruptcy Code"), to assert claims arising before the Petition Date.

All (i) "claims," as defined in section 101(5) of the Bankruptcy Code, whenever arising, including in each case any claims against the Debtor's estate based upon the Debtor's primary, secondary, direct, indirect, fixed, secured, unsecured, contingent, guaranteed, disputed, undisputed, liquidated, unliquidated, matured, unmatured, legal, or equitable liability or otherwise (each, a "Claim"), and (ii) "interests," including the legal, equitable, contractual interests, equitable interests or ownership interests, or other rights of any Person in the Debtor including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions, or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtor, partnership interests in the Debtor's stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtor or obligating the Debtor to issue, transfer or sell any shares of capital stock whether or not certificated, transferrable, voting or denominated "stock" or a similar security (each, an "Interest"), except as otherwise provided for or specifically excepted herein, shall be filed with the Debtor's claims agent The Garden City Group, Inc. (the "Claims Agent"), (a) in writing, (b) with an original signature, (c) in the English language, (d) denominated in currency of the United States, (e) conforming substantially to Official Form B10 or as otherwise prescribed or authorized under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, and (f) with copies of supporting documents (or a summary thereof if such documents are voluminous) or an explanation of why such documents are not available, **so as to actually be received** on or before the Bar Date at the following address: If delivered by first class mail: The Garden City Group, Inc., Attn: MIG, Inc., PO Box 9399, Dublin, OH 43017-4299. If delivered by hand or overnight courier: The Garden City Group, Inc., Attn: MIG, Inc., 5151 Blazer Parkway, Suite A, Dublin, OH 43017. Facsimiles or e-mails of proofs of Claim will not be accepted.

The following (the "Exceptions") are excepted from the Bar Date Order and are not required to be filed on or before the Bar Date: (a) Claims already duly filed in this chapter 11 case with the Debtor's Claims Agent or with the Clerk of the Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware, 19801; (b) Claims listed in the Debtor's schedules of assets and liabilities, or as listed in any supplements or amendments thereto (the "Schedules"), if the claimant does not dispute the amount or manner in which its Claim is listed in the Schedules or the nature of the Claim and if such Claim is not designated as "contingent," "unliquidated," "subject to adjustment," "disputed," or "unknown" (or assigned a zero amount); (c) Claims arising on or after the Petition Date; and (d) Common equity interests in the Debtor. Should the Bankruptcy Court, in the future, fix a date by which proofs of Claim in respect of the Exceptions must be filed, you will be notified.

For the avoidance of doubt, holders of Claims and Interests in respect of the 7.25% Cumulative Convertible Preferred Stock issued by the Debtor are required to file a proof of Claim on or prior to the Bar Date.

Any creditor whose prepetition Claim against the Debtor is not listed in the Schedules or is listed as "disputed," "contingent," or "unliquidated" and that desires to participate in this case or share in any distribution in this case, and any creditor whose prepetition Claim is improperly classified in the Schedules or is listed in an incorrect amount, must file a proof of claim on or before the Bar Date.

The Debtor's Schedules and/or the Bar Date Order may be examined and inspected by interested parties during regular business hours at the office of the Clerk of the Bankruptcy Court, 824 Market Street, Wilmington, Delaware, 19801, or at the Debtor's website maintained by the Claims Agent, http://migreorg.com. If it is unclear from the Schedules whether your Claim is disputed, contingent, or unliquidated as to amount or is otherwise properly listed and classified, you must file a proof of claim on or before the Bar Date. Any creditor that relies on the Schedules bears responsibility for determining that its Claim is accurately listed therein.

Executory Contract and Lease Rejection Claims. Holders of Claims against the Debtor arising from the rejection by the Debtor of an executory contract or unexpired lease must file a proof of claim on or before the later of: (a) the Bar Date; (b) thirty (30) days after the entry of an order by the Court authorizing such rejection; or (c) such other date, if any, as the Court may fix in the order authorizing such rejection (the "Rejection Bar Date"). If after the Bar Date, the Debtor amends its Schedules to reduce the undisputed, noncontingent, and liquidated amount or to change the nature or classification of a Claim against the Debtor reflected therein to "disputed," "contingent" or "unliquidated," then the affected claimant shall have thirty (30) days from the date of service of notice thereof to file a proof of claim or to amend any previously-filed proof of claim in respect of such amended scheduled Claim (the "Amended Schedules Bar Date").

Any creditor or Interest holder that is required to file a proof of Claim, but fails to do so in a timely manner pursuant to the instructions herein, shall not be treated as a creditor or Interest holder with respect to such claims for purposes of voting upon, or receiving distributions under any plan or plans of reorganization or liquidation in the Debtor's chapter 11 case.

If you require additional information regarding this Notice, you may contact the Claims Agent at 1-800-327-3664.

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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To sign up, go to **WSJ.com/Email**

Asian index movers...

Nikkei Stock Average
Japan 10400.47
▲ **2.74% or 276.89**

Yen weakness helped exporters, while shippers and resource shares also gained. Sumitomo Metal Mining rose 2.6% and shipper Mitsui O.S.K. Lines rose 3.7%.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**76.72**	176	5	2.92
Mtshbsh Fin Grp	**58.46**	456	6	1.33
GS Yuasa	**53.41**	625	27	4.52
Toshiba	**41.74**	457	16	3.63
Hitachi	**29.72**	305	8	2.69

Hang Seng
Hong Kong 20377.27
▲ **2.43% or 483.25**

The market rebounded after what some said was an overreaction Friday to the Fed's discount-rate increase. HSBC Holdings led the rally, climbing 3.2%.

Stock	Volume in millions	Close	Change Net	Change %
CCB	**196.36**	5.86	0.09	1.56
Icbc	**195.52**	5.56	0.08	1.46
Bank Of China	**161.49**	3.81	0.10	2.70
PetroChina	**77.17**	8.75	0.25	2.94
CNOOC	**74.29**	12.22	0.44	3.74

Kospi
South Korea 1627.10
▲ **2.08% or 33.20**

Foreign buying lifted tech and auto shares. Hynix Semiconductor rose 3.5%. STX Group firms jumped after the group decided not to bid for a Daewoo Engineering stake.

Stock	Volume in millions	Close	Change Net	Change %
Hansol Homedeco	**19.91**	2,300	100	4.55
Hyundae Metal	**18.80**	530	–90	–14.52
Hbe Energy	**13.58**	305	unch	...
Samyang Optics	**13.52**	1,165	15	1.30
Hanshin Mach	**12.67**	2,215	285	14.77

ASX 200
Australia 4717.50
▲ **1.78% or 82.47**

The index hit a four-week high in a broad rally. Commodity-price gains lifted resource firms. BHP Billiton rose 2.8% and OZ Minerals jumped 8.2%.

Stock	Volume in millions	Close	Change Net	Change %
Telstra	**68.27**	3.01	–0.15	–4.75
Boart Longyear	**45.42**	0.33	0.01	1.56
Qantas Airways	**38.12**	2.72	–0.02	–0.73
GPT Group	**33.55**	0.60	–0.01	–1.65
MirvacGroup	**32.85**	1.54	0.06	3.70

Asian stocks in the news

IHI
Japan ¥152
▲ **4.8% or ¥7**

The company said it plans a full-year dividend of two yen.

Price-to-earnings ratio	**32**
Earnings per share, past four quarters	**4.80**
Dividend yield	**1.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**2.6%**	1.8%	68.2%
IHI	**4.8%**	2.0%	72.7%

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Aioi Insurance
Japan ¥435
▲ **5.1% or ¥21**

The insurer reported Friday that nine-month net profit more than quadrupled.

Price-to-earnings ratio	**21**
Earnings per share, past four quarters	**21.20**
Dividend yield	**2.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Insurance	**3.3%**	3.1%	37.4%
Aioi Insurance	**5.1%**	5.6%	27.6%

Coca-Cola Amatil
Australia A$10.99
▼ **1.3% or A$0.15**

The stock went ex-dividend.

Price-to-earnings ratio	**18**
Earnings per share, past four quarters	**0.61**
Dividend yield	**2.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**1.9%**	1.3%	52.1%
Coca-Cola Amatil	**-1.3%**	-0.2%	23.2%

Nissha Printing
Japan ¥3,245
▼ **1.8% or ¥60**

Macquarie downgraded the stock by two notches to "underperform" from "outperform."

Price-to-earnings ratio	**23**
Earnings per share, past four quarters	**139.90**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**2.6%**	1.8%	68.2%
Nissha Printing	**-1.8%**	-4.8%	37.2%

Telstra
Australia A$3.01
▼ **4.7% or A$0.15**

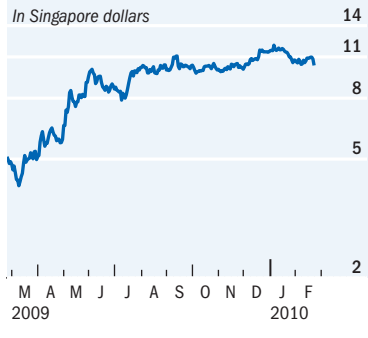
The company went ex-dividend.

Price-to-earnings ratio	**9**
Earnings per share, past four quarters	**0.32**
Dividend yield	**4.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**1.6%**	...	13.5%
Telstra	**-4.7%**	-4.1%	-19.7%

City Devs
Singapore S$10.30
▼ **4.8% or S$0.52**

Singapore property firms underperformed on new government measures to cool the residential market.



Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**0.55**
Dividend yield	**0.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**2.2%**	0.8%	24.4%
City Devs	**-4.8%**	-5.5%	102.4%

Parkson Retail
Hong Kong HK$11.18
▼ **6.1% or HK$0.72**

The company's annual profit rose 8.3% but fell short of forecasts.

Price-to-earnings ratio	**30**
Earnings per share, past four quarters	**0.37**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**2.5%**	2.5%	47.6%
Parkson Retail	**-6.1%**	-9.1%	76.1%

HEARD ON THE STREET

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Seven and Stokes's unorthodox pairing

Talk about a tough sell.

Australian media company **Seven Network** announced plans on Monday to merge with heavy-equipment dealer **WesTrac Holdings**. It looks like a decidedly odd match-up, but the companies do have one thing in common: billionaire investor Kerry Stokes. Through an investment company, he owns 48% of Seven, and all of WesTrac.

For Stokes, the motive is straightforward enough: using Seven's cash to pay down $550 million of WesTrac's debt. He'd also wind up owning 68% of the combined company.

But for Seven's other investors, there's good reason to be wary.

WesTrac is a different beast than the newspaper-and-television enterprise they now own, and not simply because it mostly runs **Caterpillar** dealerships. Seven Network's businesses are domestically focused, while WesTrac's growth is mostly expected to come from China.

There, WesTrac's business is seeing strong revenue growth, though still minimal profit, as is so often the case with foreign companies in China. Meanwhile, WesTrac is heavily reliant on its ties with Caterpillar at home and abroad. It insists the business relationship is strong, but Caterpillar can terminate its dealership contracts with WesTrac with 90-day notice.

Add in the currency risk that would be involved, and this becomes a whole new world for investors who until Monday were content owning an Australia-oriented media company.

For the deal's proponents, the pitch is clear: They say it will give investors exposure to a business with strong growth potential at home and overseas, raising Seven's earnings per share by 22% as soon as 2011. Moreover, Seven has struggled to find viable opportunities to use the $900 million it set aside for acquisitions in the media sector. Paying down the debt of a tractor dealership certainly offers one, albeit unorthodox, alternative.

Ultimately, backing the combination means relying on Stokes's own self-interest. No one, he said Monday, will be as incentivized as him to make the new conglomerate work.

That may be so, but he's going to be busy convincing Seven's other investors. Because the deal requires the backing of 75% of the shareholders who aren't named Stokes, their opinions will matter.

—Andrew Peaple

Seven Network owner Kerry Stokes speaks at a news briefing in Sydney on Monday.

Japanese banks showing amnesia in Dai-ichi IPO

Call it a collective loss of short-term memory.

Topping the list of investors already pledged to buy into **Dai-ichi Mutual Life Insurance**'s initial public offering are Japan's banks. Investors needn't think back very far to understand why this is troubling.

Equity stakes held by the nation's top three lenders cost them nearly $12 billion in the year ending March 2009 as Japanese stocks tumbled. The losses were a major reason Japan's banks had to conduct massive follow-on stock offerings, diluting shareholders and sucking up capital that might have flowed to more productive uses. After this, the banks pledged to cut down such exposure.

This is a promise they have made, and failed to keep, before. Word on Monday that **Mizuho Financial Group** will wind up with a 5.6% stake in Dai-ichi—potentially worth $930 million—is a sign that they have yet to learn from past mistakes. Mizuho says it sold more than $2 billion of stock holdings in the nine months through December.

Also bothersome about this stake is that Dai-ichi owns about 1.5% of Mizuho. Dubbed cross-shareholdings, this practice of swapping equity is a constant complaint among governance watchers. The worry is that they create too much coziness between business partners, and can help insulate bad management.

Moreover, when banks and insurers take stakes in each other, they increase the risk that failure in one sector will pass through to the other and potentially affect the entire financial system.

Japan's other two major financial groups, Mitsubishi UFJ and Sumitomo Mitsui, will also take a stake in Dai-ichi. So will **Canon** and **Asahi Breweries**.

To be sure, there is much to celebrate in the planned offering. It could be the biggest IPO in Japan since 1998, Dealogic says. It's also great news for the Tokyo Stock Exchange and brokers in Japan.

But it's difficult to look at the large stakes without thinking of past mistakes, and the notion that Japan's banks are doomed to repeat them.

—James Simms

Greece needs to shut up and pay up

Greece should quit complaining and face facts. Prime Minister George Papandreou has argued for the benefit of an international audience that his country should be allowed to borrow at lower rates, while at the same time insisting for the benefit of a domestic audience that there is no need for further spending cuts or tax measures.

This rhetoric is likely to be wasted on bond investors, the only audience that matters. One way to restore Greece's credibility would be to engage with investors and issue a new bond now on market terms.

Yes, the price Greece must pay is galling. It has lost the benefit of being a euro-zone member in interest-rate terms, with its 10-year bonds yielding more than three percentage points more than comparable German debt. What is more, Greece will have to pay a new-issue premium

It has already received plenty of support. The European Union's recent promise to stand by Greece has calmed the market. Spain and Portugal have carried out successful syndicated bond sales, and Greece's credit-default swaps, while still high at $35,000 a year for each $1 million of debt insured, have hardly budged for a week. Wide spreads mean Greece may appeal to a bigger investor base, including credit fund managers who might view a spread of three percentage points for a triple-B-rated borrower as good value.

The reality is that Greece needs to raise cash in the next two weeks. The relative calm in markets right now may offer the best opportunity for a new bond deal to succeed. Then Greece must knuckle down and deliver the budget performance it has promised—at which point the market may start to reward it with lower borrowing costs.

—Richard Barley

CEMEX
USD 1,868,800,000
Follow-On Offering
Joint Bookrunner
September 2009

ALAPIS
EUR 451,100,000
Rights Issue
Joint Bookrunner
September 2009

AEGON
EUR 1,000,000,000
Accelerated Bookbuilt Offering
Joint Bookrunner
August 2009

asciano
AUD 2,350,000,000
Placement and Rights Issue
Joint Lead Manager and Underwriter
June 2009

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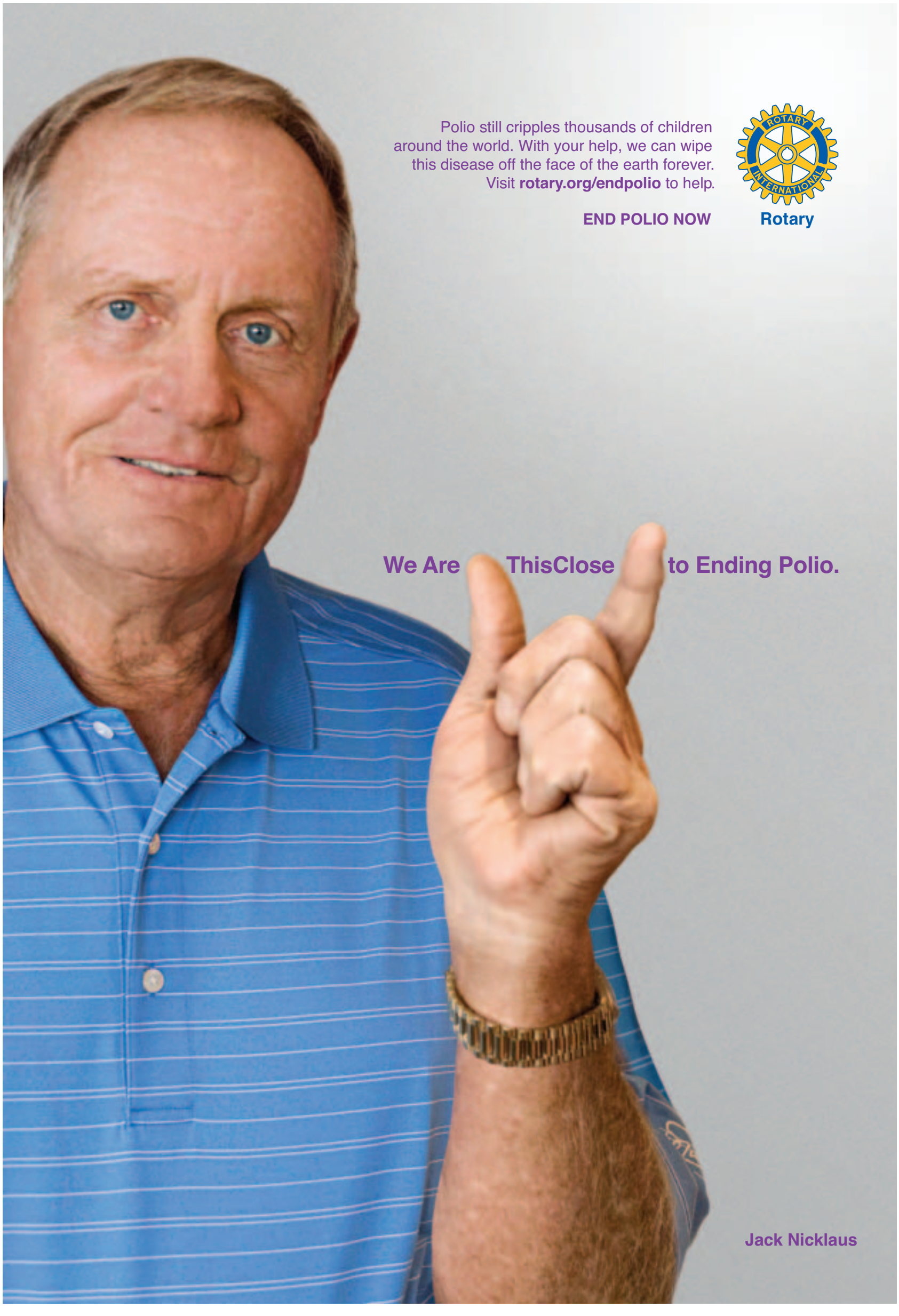
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